TAFT
Broadcasting Company

1979 ANNUAL REPORT

"Informing and entertaining the American family."

Properties

Broadcast Group

Television

WBRC	Birmingham
WGR	Buffalo
WKRC	Cincinnati
WTVN	Columbus
WDAF	Kansas City
WTAF	Philadelphia

AM Radio

WGR	Buffalo
WKRC	Cincinnati
WTVN	Columbus
WDAF	Kansas City
KQV	Pittsburgh
WDAE	Tampa/St. Petersburg

FM Radio

WGRQ	Buffalo
WKRQ	Cincinnati
WLVQ	Columbus
KYYS	Kansas City
WDVE	Pittsburgh
WYNF	Tampa/St. Petersburg

Amusement Park Group

Kings Island . . . Cincinnati
(wholly-owned)

Old Coney . . . Cincinnati
(wholly-owned)

Kings Dominion . . . Richmond
(50% equity interest)

Carowinds . . . Charlotte
(50% equity interest)

Hanna-Barbera's Marineland . . . Los Angeles
(50% equity interest)

Canada's Wonderland . . . Toronto, Canada
(under construction)
(75% equity interest)

West Coast Group

Television and motion picture production, distribution, merchandising and licensing.

Hanna-Barbera Productions . . Hollywood

QM Productions . . . Los Angeles
(81% equity interest)

Solow Production Co. . . . Hollywood

Hanna-Barbera Enterprises . . . Cincinnati

Taft, H-B Program Sales . . . New York

Taft, H-B International . . . New York

Cinemobile Systems . . . Hollywood

Cine Guarantors . . . Hollywood

The Sy Fischer Company . . . New York

Other Business Activities

College Football Hall of Fame . . . Cincinnati
Operated under management agreement

Kings Island Inn . . . Cincinnati
A partnership

Kings Island Real Estate Co. . . Cincinnati
Putter's Point and Greenery

Jack Nicklaus Golf Center . . . Cincinnati
A partnership

Taft Travel Agency . . . Cincinnati

Taft Broadcasting Company is involved in three primary areas of business, broadcasting, theme parks, and animated and live film production and distribution.

Taft currently owns six television stations, six AM and six FM radio stations. It operates four major themed amusement centers and has begun construction on a fifth. Taft is a leader in the animated film production and distribution industries and is a significant participant in live production, distribution and syndication of products for television.

Through these activities, the Company fulfills its corporate goal of "informing and entertaining the American family."

TAFT
Broadcasting Company

1906 Highland Avenue
Cincinnati, Ohio 45219
Phone: (513) 721-1414

After January 1, 1980:
1718 Young Street
Cincinnati, Ohio 45210

The Year in Brief

	Year ended March 31, 1979	Year ended March 31, 1978	Percentage increase (decrease)
Net revenues:			
Broadcasting	$ 82,394,539	$ 68,351,046	21%
Amusement park	38,799,317	34,798,938	11%
Television and motion picture production and distribution	42,773,651	32,910,886	30%
Other	3,100,976	2,206,523	41%
Total net revenues	$167,068,483	$138,267,393	21%
Operating profit:			
Broadcasting	$ 39,108,797	$ 30,840,406	27%
Amusement park	9,895,218	9,973,784	(1%)
Television and motion picture production and distribution	6,392,227	2,272,348	181%
Other	135,415	(467,643)	—
Corporate expenses, unallocated	(5,953,043)	(4,948,550)	(20%)
Total operating profit	$ 49,578,614	$ 37,670,345	32%
Earnings before income taxes	$ 46,979,460	$ 34,170,776	37%
Income taxes	$ 21,098,000	$ 14,279,000	48%
Net earnings	$ 25,881,460	$ 19,891,776	30%
Net earnings per share	$3.06	$2.41	27%
Average number of common and common equivalent shares	8,513,165	8,290,990	3%
Dividends per share	$.64	$.50	28%
Working capital	$ 16,745,210	$ 20,035,005	(16%)
Total assets	$315,477,372	$252,907,436	25%
Long-term debt, including current portion	$ 68,538,719	$ 48,840,983	40%
Stockholders' equity	$161,364,412	$137,631,977	17%
Number of stockholders at year end	7,788	7,197	8%

Contents:

Letter to Our Stockholders

FINANCIAL PERFORMANCE Fiscal year 1979 was the best year ever for Taft Broadcasting Company. Net revenues, operating profit, net earnings, and net earnings per share all achieved record levels. Net revenues increased 21% to $167,068,483. Operating profit of $49,578,614 was an increase of 32% and net earnings posted a 30% advance to $25,881,460.

Net earnings per share of $3.06, increased 27% over the net earnings per share of a year ago, and were more than double the net earnings per share of three years ago.

This growth is directly attributable to the continued strong demand for broadcast advertising time, higher audience shares at many of the Taft stations, and outstanding levels of production and domestic sales from our television production and distribution companies.

PRODUCT QUALITY As we have moved forward, the quality of our products and services has continued to be enhanced.

Virtually all of our television and radio stations command important audience shares in their respective markets and have improved these shares significantly over the last several years.

The shows produced by our West Coast studios currently represent more than 50% of all animated product for Saturday morning children's television programming and are among the most viewed in their time periods.

6.4 million patrons visited Taft theme parks in fiscal year 1979. Our parks continue to enjoy widespread patron support because they are conveniently located near major metropolitan areas and provide affordable, wholesome family entertainment.

ACQUISITIONS AND EXPANSION Also, the year has been a successful one in terms of our ability to initiate attractive acquisition opportunities and generate important expansion programs in each of our major lines of business.

We have now successfully concluded the acquisition of two important radio properties in the Tampa/St. Petersburg market. The purchase of WYNF-FM and WDAE-AM is in keeping with the Taft philosophy of owning AM and FM stations in the same markets, thereby providing a diversity of programming that enables us to reach a broader audience spectrum.

The acquisition of WDCA-TV (UHF) in Washington, D.C. is currently pending. UHF television has come of age and has now shown its ability to capture significant audience shares in major markets and compete successfully for quality programming. Our operation of WTAF-TV in Philadelphia demonstrates that a UHF television station in a major market can be a significant contributor to overall Broadcast Group profitability. The transfer of the license of WDCA-TV has not yet been accomplished due to delays caused by the intervention in the transfer process by special interest groups. The Company is continuing in its efforts to resolve these issues in the near future.

QM Productions (QM), long recognized as a leader in the production of dramatic series for television, became part of our West Coast Group operations in early April, 1979. By acquiring an 81% controlling interest in QM, and an option on the remaining 19% ownership, Taft becomes the beneficiary of a respected name in the production industry, a quality management and production team, an important film library of more than 1,000 episodes of prime time programs and an ongoing production capability that we feel will be an important contributor to Taft's growth in the program production field.

In March, 1979, we signed a definitive agreement to acquire Worldvision Enterprises, Inc., a major television distribution company. The Worldvision acquisition will give Taft a significant position in the program distribution industry in which we have been modestly involved for several years through our Hanna-Barbera distribution activities. This acquisition is subject to receipt of favorable Internal Revenue Service (IRS) rulings. Filings with the IRS were finished in early May, 1979, and while we cannot predict when final approval might be received, such filings are currently requiring approximately three to six months for approval.

On April 2, 1979, the Company announced its intention to proceed with a theme park in Toronto to be known as Canada's Wonderland. The announcement culminates six years of intensive investigation and planning. The project involves a total investment of $105.8 million (Canadian). Canada's Wonderland will be 75%

owned by Taft and 25% by The Great-West Life Assurance Company, of Canada.

It is our belief that the Toronto market is the most attractive site in North America for a new theme park of the magnitude envisioned. The research that we have developed demonstrates that significant market demand exists for this park and that it should enjoy widespread support. Key information about Canada's Wonderland is presented on Page 11 of this report.

NATIONAL ISSUES Energy shortages, energy over-consumption, and inflation are of serious concern to the Company as well as to the nation. However, all of the industries in which we are engaged provide affordable entertainment and information needs at, or close to, home, whether through our television and radio stations, via product we produce for television, at one of our nearby regional themed amusement centers, or in theaters. We have faced energy problems and periods of significant inflation in the past, and our operations fared well during those difficult times.

In last year's Annual Report, we devoted considerable space to a discussion of a Federal Trade Commission (FTC) inquiry into children's programming, advertising within children's programming, and related matters. This inquiry is still underway, but no conclusions or findings have been promulgated. We, and others in our industry, continue to work toward self-regulation solutions to these concerns. It is our position that any action by the FTC or its staff in the area of children's programming is an unnecessary and improper encroachment on individual freedoms and specifically on freedom of speech.

THE FUTURE Our goals for fiscal year 1980 will be to continue to improve our financial performance, maintain and enhance the quality of our operations, successfully consolidate the acquisitions we have concluded, and successfully conclude those acquisitions still pending. We could not have achieved the levels of financial performance and embarked on so aggressive an acquisition and expansion program without the dedication, support, and enthusiasm of our stockholders, management, and employees.

The growth of your Company over the last few years has required new and expanded corporate headquarters. Construction of the new facility, on a two-acre site a few blocks from our present location, is well underway and scheduled for completion early in 1980.

We look forward to seeing you at the Annual Stockholders' Meeting which will be held at Kings Island, and we urge you to attend and participate. The date and time for that meeting is Tuesday, July 24, 1979, at 11:00 a.m. (EDT).

Chairman of the Board, Charles S. Mechem, Jr. (left) and President, Dudley S. Taft (right) pictured standing on the site of Taft's future corporate offices.

Charles S. Mechem, Jr.
Chairman of the Board

Dudley S. Taft
President

Broadcast Group/Television

FINANCIAL PERFORMANCE Television net revenues and operating profit for the fiscal year ended March 31, 1979 were the highest in Company history. Indeed, television net revenues have increased in each of the past ten fiscal years spanning several economic cycles. The sources of television net revenues for the year just ended, compared to the preceding fiscal year, are listed in the following chart:

	Year Ended March 31,		
In thousands of dollars	1979	1978	% Inc.
Local	$27,674	$22,775	22%
National & Regional	30,340	25,062	21%
Network	5,087	4,885	4%
Total	$63,101	$52,722	20%

OPERATIONS Television is the primary marketing tool utilized by most leading national advertisers and a growing community of local advertisers. Local retailers, financial institutions, movie theaters and franchise operations have all found television to be a most effective medium for marketing their products. This has resulted in substantial increased demand for advertising time that has caused television pricing to remain firm at high levels over the last several years.

We have made a commitment to continue to increase our audience shares so that our stations will continue to compete effectively for new and increasing advertising dollars.

Special emphasis has been placed on increasing the quantity of news offered and improving the quality of our news operations. Also, we have committed substantial resources to acquire programming that will be attractive to the large mass audience in each of our markets and, accordingly, to our advertisers.

PHYSICAL FACILITIES In addition to investment in quality programming, we have invested heavily in operating equipment to assure efficient operations and technological leadership at all of our stations. Major plant additions include all new office and studio facilities for WTVN-TV, Columbus, electronic news gathering equipment for each of our television stations and new transmitting equipment for WKRC-TV, Cincinnati. In the coming year, we will invest over $5 million in continued plant enhancement.

COMMUNITY INVOLVEMENT Taft television stations are noteworthy for their community service and public involvement activities. For the second consecutive year, WTAF-TV has received the top national award granted by the National Association of Editorial Broadcasters for its continued editorial excellence. WKRC-TV won the top communications award in national United Appeal/United Way competition for their coordination of a multi-station United Appeal program simulcast which featured top national talk show host Phil Donahue. This same station also used Hanna-Barbera and Fred Flintstone successfully to present an animated United Appeal message.

For the first time in New York State news competition, a joint award for best reporter in television news was given. This honor was awarded to the WGR-TV 11:00 p.m. news anchor team, already the recipient of several Associated Press news awards.

All of our television stations participate in minority training and internship programs that provide training in broadcasting and related fields. They also participate with their sister radio stations in such outstanding community efforts as "Secret Santa" and "Neediest Kids of All" for the benefit of underprivileged children.

PROPOSED ACQUISITION This past year, we announced the acquisition of WDCA-TV (UHF) in Washington, D.C. Washington is the fastest growing of the top ten markets in the country. WDCA currently commands a significant audience following and is an important part of the Washington commercial broadcast community. The purchase price for this property is $13.5 million, payable $3 million at closing, with the balance due at 8% interest over a four year period. As stated in the Letter to Our Stockholders the necessary Federal Communications Commission (FCC) approval to transfer this license to Taft has not yet been received. With the WDCA acquisition, Taft would own 5 VHF and 2 UHF television stations, the total complement of television stations currently allowed under FCC regulations.

THE FUTURE The last several years have been good ones for this industry, and our stations have participated handsomely in its growth. While predictions of recession are widespread, our broadcasting business is currently strong, and we are committed to the maintenance of sound cost controls to assure maximum profitability at whatever revenue levels will be attained in the future.

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1. Columbus station WTVN-TV is operating in new studios and facilities after a move in the fall of 1978. 2. WGR-TV in Buffalo is the host station for the Buffalo Sabres hockey games. Sports programming at Taft stations is an important high visibility ingredient that we provide in our communities. 3. All of Taft's television stations are equipped with electronic news gathering equipment, demonstrating our commitment to making quality news a priority. 4. For the second consecutive year, Ron Gold, of WTAF-TV in Philadelphia, was awarded the highest honor of the National Association of Editorial Broadcasters for continued outstanding editorial presentations.

Television is the primary marketing tool utilized by most leading national advertisers and a growing community of local advertisers.

Commercial production takes place in WBRC-TV studio facilities in Birmingham.

Broadcast Group/Radio

FINANCIAL PERFORMANCE Radio net revenues and operating profit for the fiscal year 1979 once again achieved record levels with both AM and FM participating in this excellent performance. It is noteworthy that 76% of radio net revenues are from local sources which are typically the most stable of all revenue sources. A comparison of this year's radio net revenues to the preceding year are set forth in the chart below:

	Year Ended March 31,		
In thousands of dollars	1979	1978	% Inc.
Local	$14,721	$12,000	23%
National & Regional	4,285	3,402	26%
Network	287	227	26%
Total	$19,293	$15,629	23%

OPERATIONS Radio is unique. It has evolved as the pre-eminent local live medium. It has survived and prospered during all manner of economic climates and periods of technological change, and in the face of increasing competition, because of its ability to serve specific audiences. Our AM and FM radio station programming is designed to appeal to the broadest segment of an increasingly diverse audience.

Our AM stations are full service radio stations, involved in their communities and providing, in addition to their regular fare of music, a wide range of information services including news, discussion and commentary. Music is the primary ingredient in the entertainment mix of most Taft AM stations, but high impact programming, such as sports, is also an important part of their program offerings. WTVN-AM, in Columbus, is the originator for a 51-station network airing Ohio State University football games; WGR-AM is the flagship station for the Buffalo Sabres hockey. Taft's newest station, WDAE-AM in Tampa/St. Petersburg, will originate the Tampa Bay Buccaneers football network this fall.

Our FM stations are programmed primarily to provide music entertainment to the 12-34 age group. Having both AM and FM stations in each of our markets allows us to deliver significant market audiences and obtain a high share of market revenues.

COMMUNITY INVOLVEMENT The Taft radio stations are good citizens. They provide vital information on school closings and community activity cancellations during severe weather and participate in a wide range of civic and charitable activities. These include United Appeal/United Way campaigns, the "Neediest Kids of All" program, sponsored by the Cincinnati stations, the "Secret Santa" campaign in Columbus (the latter two programs serve underprivileged children), and efforts to ensure the success of the Buffalo Children's Hospital fund raising activities.

WDVE-FM received the prestigious Gabriel Award for its production of "Crystal Rollercoaster," a two and a half hour special designed to educate its audience about the dangers of drug abuse.

ACQUISITIONS In September, 1978, WYNF-FM in Tampa/St. Petersburg was acquired for $2 million. We have made application to the Federal Communications Commission (FCC) to raise the antenna height of WYNF-FM thereby increasing its geographical coverage by more than 50%. FCC approval on this application was recently received.

Shortly after the close of the fiscal year, the acquisition of WDAE-AM Tampa/St. Petersburg was concluded for a cash price of $5.5 million. The Tampa/St. Petersburg market, the 17th largest ADI (Area of Dominant Influence) in the country, has the fastest rate of population growth of any city in the nation and is a very desirable radio market. We are seeking an additional AM and FM radio station combination to complete the total complement of stations which the Company may own under FCC regulations.

THE FUTURE Radio technology is rapidly changing. AM broadcasting in stereo is now technically feasible. Several AM stereo systems are currently under review by the FCC, and its approval of a single system is expected in late 1979. Our radio stations are prepared for the advent of AM stereo, which will enable them to compete for additional audience, as well as maintain current levels of monophonic transmissions to present radio receivers.

Our radio revenues are currently strong. We expect our radio properties to be a stable and growing source of future revenues as this medium fulfills its role of providing specialized audiences to a wide range of advertisers.

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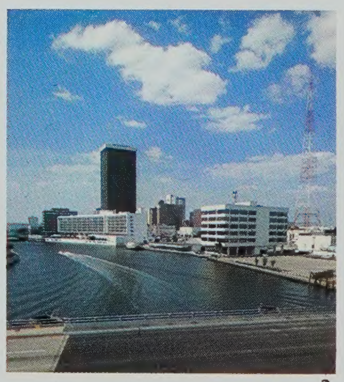

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1. Sponsorship of the Columbus Secret Santa campaign by our television and radio stations in that city, is just one example of community involvement by Taft's stations. 2. Taft's most recent radio acquisitions are in the Tampa-St. Petersburg market. The AM/FM complement of WDAE-AM and WYNF-FM will give Taft a strong position in this growing sun-belt area. 3. Specially-designed corporate sales and marketing training programs are conducted by Don Chapin, Broadcast Group Vice President of Sales, for Broadcast account executives.

Radio is designed to appeal to the broadest segment of an increasingly diverse audience.

Radio has become the "go-anywhere" medium. Listeners use radio to accompany any number of activities, as exemplified by this jogger running with earphones.

Amusement Park Group

FINANCIAL PERFORMANCE Operating profit for the Amusement Park Group declined slightly from the record level achieved in the previous fiscal year. The attendance, per capita spending, and net revenues for each of the parks for the fiscal year ended March 31, 1979, and 1978 are as follows:

Attendance and Net Revenues in thousands	Year Ended March 31, 1979	1978	% Inc. (Dec.)
ATTENDANCE:			
Kings Island	**2,622**	2,580	2%
Kings Dominion	**1,831**	1,959	(7%)
Carowinds	**1,041**	1,125	(7%)
Hanna-Barbera's Marineland	**934**	—	—
PER CAPITA SPENDING:			
Kings Island	**$14.97**	$13.66	10%
Kings Dominion	**13.37**	12.74	5%
Carowinds	**11.88**	10.96	8%
Hanna-Barbera's Marineland	**7.78**	—	—
NET REVENUES:			
Kings Island	**$37,627**	$33,873	11%
Kings Dominion	**24,511**	24,965	(2%)
Carowinds	**12,220**	12,176	—
Hanna-Barbera's Marineland	**7,280**	—	—
Total	**$81,638**	$71,014	15%

Kings Island is wholly-owned by the Company. The Company and The Kroger Co. each have 50% equity interests in Kings Dominion, Carowinds, and Hanna-Barbera's Marineland. The latter facility commenced operation under Taft management in May, 1978.

OPERATIONS We are pleased that Hanna-Barbera's Marineland was successful in reversing the downward trend of attendance which had begun prior to its acquisition by Taft and Kroger. The infusion of new capital dollars to provide new attractions, upgrade the quality of existing attractions, enhance the physical plant and the introduction of Hanna-Barbera characters all have served to establish a solid base of patron acceptance from which we expect this park to grow.

Despite the good attendance performances at Kings Island and Hanna-Barbera's Marineland, and the high levels of per capita spending at all of the parks, revenue levels were not sufficient to offset increased operating costs at all facilities. Over eighty million people attend regional themed amusement centers nationwide, but the theme park industry has become increasingly competitive since we opened Kings Island in 1972. This situation is the primary cause for the lower attendance levels at Kings Dominion and Carowinds where the competition is considerably stronger than at Kings Island.

NEW ATTRACTIONS In order to develop an increased share of the theme park market, it is essential that attractions be offered which are unique and have high impact. No major new attractions were offered for the 1978 season, while we had in development over $20.0 million of new facilities for the 1979 operating season. The major attractions included in this new entertainment package are:

"THE BEAST," Kings Island—$3.8 million. Billed as the "World's Ultimate Roller Coaster" because of its speed, unique use of 35 acres of terrain, underground passages,

1. Fantasy character, the Mayor of the Land of Dooz, stands outside the new "Lost World" mountain at Kings Dominion. **2.** NEW YORK, NEW YORK is one of several Broadway-scale productions performed at Taft parks, conceptualized and produced by Kings Productions, the creative arm of the Amusement Park Group. **3.** Soulful-rock entertainer, Lou Rawls, was one of a number of top-billed performers featured at Carowinds during the 1978 park season. **4.** Hanna-Barbera's Marineland "Save the Mammals" program has attracted national attention with its emphasis on healing sea animals and birds and returning them to their natural habitat.


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Our park facilities offer substantial value at a reasonable price relatively close to patrons' homes.

Children delight to meet their favorite Hanna-Barbera characters at Taft's theme parks.

One of the more significant expansion decisions in Taft's history is the commitment to build a major regional theme park in Toronto.

Billed as the World's Ultimate Roller Coaster, "The Beast," new at Kings Island in 1979, is one of the most praised new attractions in the theme park industry.

a 540° helix, two vertical drops in excess of 135 feet, and 7,400 feet of track. Four trains running con-currently are expected to carry nearly 3,000 visitors per hour.

"THE LOST WORLD," Kings Dominion—$7.5 million. Over three years in design and construction, this 150-foot high man-made mountain houses three dark rides that will carry approximately 5,000 visitors per hour. Each of the three rides has a science fiction/fantasy theme—*Journey To The Center Of The Earth, Voyage To The Bottom Of The Sea,* and *Visit To Outer Space.* All will be highly themed and family-oriented.

"COUNTY FAIR," Carowinds—$3.2 million. A totally new theme area incorporating extensive use of landscaping, live shows, rides, and specialty food services, fashioned after a turn-of-the-century county fair. These facilities will increase the Carowinds' park capacity by 5,000 patrons per hour.

"THE BAJA REEF," Hanna-Barbera's Marineland—$2.0 million. An underwater scuba diving adventure in which participants don wet suits and snorkeling equipment, and swim through a simulation of the Baja Reef. This facility also allows visitors to view the swimmers and the sea-life of "the reef."

CANADA'S WONDERLAND—TORONTO, 1981 One of the more significant expansion decisions in Taft's history is the commitment to build a major regional theme park in Toronto to be called "Canada's Wonderland." The new park, scheduled to open in the spring of 1981, will be 75% owned by Taft, and 25% owned by the The Great-West Life Assurance Company, of Canada. A total investment of $105.8 million (Canadian) has been planned for the project.

The decision to proceed is a result of six years of planning and coordination with the officials of the Canadian government at all levels, extensive research, and the procurement of necessary financial commitments. (See Financing Page 21).

Two important ingredients in our decision to proceed with this park are the large population within the core market (0-50 miles) and the lack of competition. Within 50 miles of the park site there will be almost 4.4 million persons in 1982, nearly twice the population of Kings Island's core market. The nearest competitive park is more than 350 miles away for those who drive.

Our market research indicates a high demand for the type of entertainment to be offered at Canada's Wonderland. That research also indicates that attendance levels of 2,300,000 in the park's first season of operation and 3,200,000 in its fifth season are attainable.

Canada's Wonderland will feature a central International Street and four other theme areas. International Street will feature a European Village, highlighted by a 150-foot high man-made mountain which encompasses a 100-foot wide waterfall. The mountain is designed to accommodate an animated dark ride as part of future expansion plans.

In addition to International Street, the other four themed areas will be: *World Exposition 1890, Medieval Faire, Frontier Canada and Happy Land of Hanna-Barbera.*

All areas will incorporate a combination of rides, shops, entertainment and games of the type used successfully in other Taft theme parks. Canadian theming and special interests will be emphasized.

THE FUTURE We believe that the theme park business is a good one for now and for the future. Although theme parks are expensive to build and operate, the facilities which we develop provide viable and unique alternatives to long distance vacation plans. In times of concern about gasoline supplies and the impact of inflation on discretionary spending, our facilities offer substantial value at a reasonable price relatively close to our patrons' homes. It is this value and convenience of access that we believe will be the elements of success for the future of our theme parks.


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1. Flowers and landscaping play a very important role in the aesthetics of Taft parks and in the total memories of a visitor's day. 2. Michael Bartlett, General Manager of Canada's Wonderland, responds to a question from a television interviewer at the April 2, 1979 press conference in Toronto, Canada, announcing the decision to proceed with the park.

West Coast Group

FINANCIAL PERFORMANCE The West Coast Group had its best revenue and operating profit year ever in fiscal year 1979. Operating profit of $6.4 million was almost triple the previous year level. Exceptional levels of animated program production and growth in domestic distribution of animated shows were the primary strength behind the financial results. In addition to the operating profit performance, the West Coast Group contributed $1.8 million to net earnings as a result of Investment Tax Credits which the Company receives on new show production costs.

A total of 157 half-hours of animated programs were produced this past year for the three major networks' Saturday morning lineups. Hanna-Barbera also produced over 12 hours of live action television movies and specials for prime time. The following schedule sets forth the production activity at Hanna-Barbera:

SERIES ON THE AIR

ABC "Scooby-Doo" 16—½ hours
"Captain Caveman" 84—½ hours
"Superfriends" 16—½ hours
"Challenge of the Superfriends" 16—½ hours
"Laff-A-Lympics" 8—½ hours

NBC "New Fred & Barney Show" 17—½ hours
"Godzilla Power 90" 13—1½ hours
"Buford and the Galloping Ghost" 13—½ hours

CBS "The All New Popeye Hour" 16—hours

SPECIALS AIRED

"Bedrock Little Big League" (NBC-TV, 4/6/78)
"Hanna-Barbera Happy Hour" (NBC-TV, five shows beginning 4/13/78)
"The Beasts are on the Streets" (NBC-TV, 5/18/78)
"Funny World of Fred and Bunni" (CBS-TV, 8/30/78)
"Black Beauty" (CBS-TV afternoon special, 10/28/78)
"Kiss Meets the Phantom of the Park" (NBC-TV, 10/28/78)
"Legends of the Superheroes": "The Challenge" (NBC-TV, 1/18/79)
"The Roast" (NBC-TV, 1/25/79)
"America vs. the World Circus Championships" (NBC-TV, 2/13/79)
"Sweethearts at Sea" (NBC-TV, 2/14/79)
"Sergeant T.K.Yu" (NBC-TV, 4/19/79)

SPECIALS IN PRODUCTION

"Johnny Yune Variety Show" (NBC-TV)
"Yabba Dabba Doo II" (CBS-TV)
"Snow White Meets the Harlem Globetrotters" (NBC-TV)
"Flintstones Meet Rockula and Frankenstone" (NBC-TV)
"Scooby Goes Hollywood" (ABC-TV)
"Hanna-Barbera Arena Show" (NBC-TV)

NIGHTTIME SERIES IN PRODUCTION

"The Flintstones" (NBC-TV, 4—½ hours)

FEATURES

"C.H.O.M.P.S." to be released in the summer of 1979. A joint venture project with American International Pictures.
"Kiss in the Attack of the Phantom," a theatrical adaptation of the 1978 movie for television. Overseas release by Avco-Embassy.
"Heidi's Song," currently in production.
"Forever Like a Rose," production completed Spring, 1979.

ANIMATED SERIES IN PRODUCTION FOR SATURDAY MORNING FALL SEASON

CBS "The All New Popeye Hour" 8—hours
ABC "Scooby-Doo" 16—½ hours
"Superfriends" 8—½ hours
NBC "Godzilla" 13—½ hours
"The Shmoo" 13—½ hours
"The Thing" 13—½ hours
"Super Globetrotters" 13—½ hours
"Casper and the Space Angels" 13—½ hours

1. Hanna-Barbera Production's expanded facilities were completed this year to house additional personnel and facilities required by increased production levels. **2.** CHOMPS, a film starring Red Buttons and Valerie Bertinelli will be released to theaters during the summer of 1979. **3.** The distinctive skills of Hanna-Barbera's family of animators produced more than 50% of the total animated product on Saturday morning children's television.

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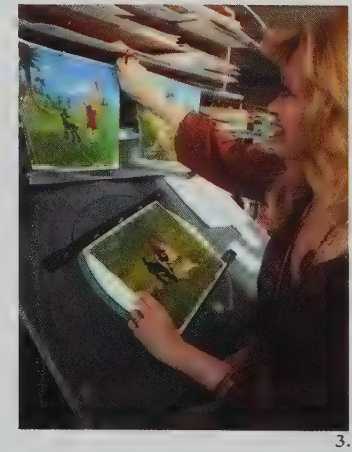

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A total of 157 half-hours of animated programs were produced this past year for the three major networks' Saturday morning lineups.

A background painter reproduces color background for a new Flintstone production, "The New Fred and Barney Show."

The West Coast Group now combines a significant presence in the production community with a full range of allied services.

Use of Hanna-Barbera characters and products, such as these coloring books, is an important outgrowth of their popularity.

Due to the ambitious production schedule undertaken for Saturday morning programming, and the rather limited supply of quality animators available, we have had to delay the production of a film for theatrical release, *Heidi's Song*. This film is currently in active production and will be completed by April, 1980.

NEW FACILITIES Our animated production activities have increased to the point where it was no longer efficient to rent facilities to meet seasonal production needs. Year-round studio space is required in order to maintain effective cost and quality control over productions in process. We committed $2.0 million to the construction of an animation studio adjacent to our existing office building in West Hollywood. This facility has recently been completed and is ready for the upcoming production season.

ACQUISITIONS On April 3, 1979, controlling interest (81%) in QM Productions (QM) was acquired for $3 million cash and $9 million in intermediate term bank loans secured by the QM assets acquired. QM's film library of over 1,000 prime time episodes includes 18 one-hour series and 24 made-for-television motion pictures. Among the series are such long-running favorites as *Barnaby Jones, The Fugitive, The FBI*, and *The Streets of San Francisco*. This addition to the West Coast operations greatly increases that Group's ability to produce dramatic series for prime time television. For the 1979/1980 viewing season, QM will produce *Barnaby Jones* (CBS). QM also has a commitment from NBC to produce a one-hour prime time series *The Man Called Sloane*, which offers high action/adventure entertainment in the James Bond tradition.

Late in March, 1979, we signed a definitive agreement to acquire Worldvision Enterprises, Inc., the world's largest privately-held television program distribution company, for a combination of Taft common and preferred stock valued at approximately $13 million. The acquisition of Worldvision will enable the Company to participate in all significant phases of the television program industry from show production through ultimate sale to domestic and foreign television stations.

Worldvision will bring to the Company a fine library of program rights for domestic and foreign distribution. Worldvision has foreign distribution rights to such well-known television programs as *Eight Is Enough, Love Boat, Kaz, Project UFO* and *Holocaust*.

Worldvision has been awarded domestic distribution rights to one of America's most highly-acclaimed television programs, *The Little House On The Prairie*. This program has been previously offered in foreign markets by Worldvision.

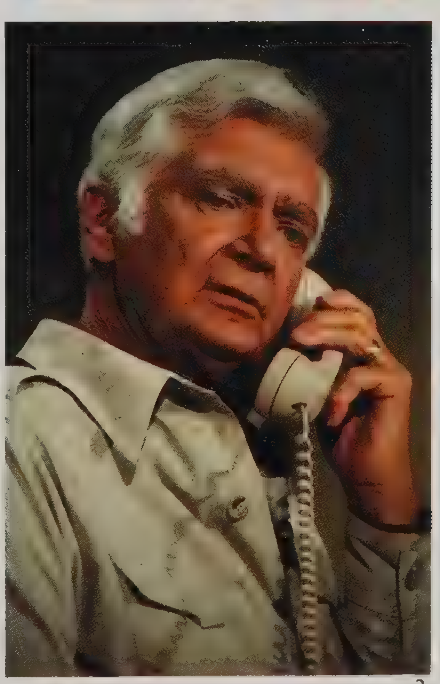
The Worldvision acquisition cannot be concluded until final approval is given by the Internal Revenue Service concerning certain tax aspects of the transaction. As stated in the Letter to Our Stockholders, the appropriate filings were finished in early May, 1979.

THE FUTURE Hanna-Barbera's and QM's production activities aid in the expansion of other related businesses. New characters and shows developed by Hanna-Barbera for the networks are available immediately to our licensing, merchandising and foreign syndication operations. These same shows, when their network run is completed, become available to our domestic distribution operations for sale to local television stations.

The West Coast Group now combines a significant presence in the production community with a full range of allied services and has the capability to become a significant profit center for the Company.

1. Michael Landon is host for a musical and comedy review featuring the Hanna-Barbera characters, to be aired on NBC. 2. With the QM Productions acquisition, BARNABY JONES, the leading dramatic series of 1978 on the CBS Television Network, and other exciting programming, become Taft properties.

1.



2.

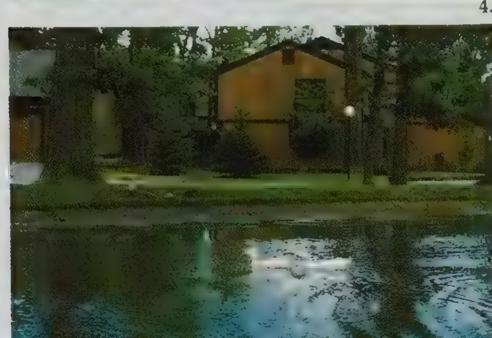
Other Business Activities

1.

3.

2.

4.



5.

The Company's other interests and activities include motels, campgrounds, real estate development, travel services and entertainment operations management services. Many of these operations take the form of partnerships or joint ventures. Many are located near our parks and offer extra attractions and services to our visitors, some on a year-round basis.

1. Arthur Ashe, and other top professional tennis stars will participate in the first Association of Tennis Professionals (ATP) Championship at Kings Island this summer. The event will be nationally televised. 2. Taft owns 20% interest in Kinder-Care, which operates 316 child care centers in twenty-seven states. 3. Dedication of the National Football Foundation's College Football Hall of Fame, which is located adjacent to Kings Island, took place August 3, 1978. Nearly 2200 Hall of Famers, college and university officials and invited guests attended the opening of this shrine. 4. Nancy Lopez won the first Ladies Professional Golfers' Association (LPGA) Championship at Kings Island. This nationally-televised major tournament is held annually at the Jack Nicklaus Golf Center. 5. Peripheral developments adjacent to Kings Island include the residential communities, Putters Point and The Greenery, the Jack Nicklaus Golf Center, Kings Island Campground and Kings Island Inn. Pictured here is The Greenery which adjoins the golf course.

Financial Statements and Discussion

Net Revenues
In Millions

Operating Profit
In Millions

Stockholders' Equity
In Millions

Net Earnings Per Share
In Dollars

Per share amounts have been restated to reflect a stock split.

Financial Review

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

SIX YEAR SUMMARY (In thousands of dollars, except per share amounts)	Years ended March 31, 1979	1978	1977
Summary of Operations			
Net revenues:			
Broadcasting	$ 82,394	$ 68,351	$ 59,
Amusement park	38,799	34,799	31,
Television and motion picture production and distribution (West Coast)	42,774	32,911	17,
Other	3,101	2,206	[illegible]
Total net revenues	$167,068	$138,267	$109,
Operating profit:			
Broadcasting	39,109	30,840	26,
Amusement park, including equity in Family Leisure Centers, Inc.	9,895	9,974	8,
Television and motion picture production and distribution (West Coast)	6,392	2,272	[illegible]
Other	135	(467)	(
Operating profit before corporate expenses and equity losses, unallocated	55,531	42,619	35,1
Corporate expenses and equity losses, unallocated	(5,952)	(4,948)	(4,
Operating profit	49,579	37,671	31,
Other income (deductions), net:			
Interest expense	(4,761)	(3,548)	(3,4
Miscellaneous	2,161	48	[illegible]
Earnings before income taxes	46,979	34,171	28,
Income taxes	21,098	14,279	13,
Net earnings	$ 25,881	$ 19,892	$ 15,
Net earnings per common and common equivalent share	$3.06	$2.41	$1
Average number of common and common equivalent shares (in thousands)	8,513	8,291	8,2
Dividends declared	$ 5,198	$ 4,035	$ 3,2
Dividends declared per common share	$ .64	$ .50	$
Financial position			
Current assets	$ 72,295	$ 67,264	$ 53,
Current liabilities	55,550	47,229	33,
Working capital	$ 16,745	$ 20,035	$ 19,
Ratio of current assets to current liabilities	1.3 to 1	1.4 to 1	1.6 t
Property and equipment, less accumulated depreciation	$ 90,569	$ 69,236	$ 65,
Contracts, broadcasting licenses and goodwill	$ 37,104	$ 35,367	$ 36,
Long-term debt, excluding current portion	$ 65,537	$ 44,730	$ 33,
Long-term debt to stockholders' equity ratio	.41 to 1	.32 to 1	.28 t
Stockholders' equity	$161,364	$137,632	$121,
Stockholders' equity per share of common stock outstanding at end of year	$ 19.78	$ 17.03	$ 15

976	1975	1974
48,124	$ 42,487	$ 39,469
28,528	28,035	22,346
16,481	19,226	17,537
83	89	58
93,216	$ 89,837	$ 79,410
19,055	16,743	16,003
7,049	7,247	5,660
1,906	1,827	1,328
(139)	(27)	(38)
27,871	25,790	22,953
(3,461)	(3,369)	(2,879)
24,410	22,421	20,074
(2,909)	(2,187)	(2,200)
767	1,603	2,595
2,268	21,837	20,469
0,750	10,183	9,212
1,518	$ 11,654	$ 11,257
$1.42	$1.45	$1.38
8,092	8,023	8,211
3,215	$ 2,408	$ 2,442
.40	$ .30	$ .30
5,342	$ 34,227	$ 36,342
4,068	30,718	30,080
1,274	$ 3,509	$ 6,262
5 to 1	1.1 to 1	1.2 to 1
4,004	$ 62,868	$ 57,531
6,293	$ 36,374	$ 34,544
7,765	$ 35,575	$ 27,460
5 to 1	.35 to 1	.30 to 1
9,307	$100,653	$ 91,434
13.56	$ 12.54	$ 11.39

SUPPLEMENTAL INDUSTRY SEGMENT DATA

Revenues and operating profit by industry segments are presented within the "Summary of Operations" on this page. Intersegment sales are insignificant. Revenues for the Amusement Park segment do not include the Company's joint venture interest in Family Leisure Centers, Inc. and Hanna-Barbera's Marineland which are accounted for on the equity basis. Operating profit for industry segment reporting is net revenues less operating costs and expenses. It does not include unallocated corporate expenses which consist of management costs relating to overall expansion plans, financing decisions, general corporate policy, and other corporate matters, equity changes not directly related to industry segments, interest expense and income, gains (or losses) on disposals of assets, loss from abandonment in fiscal year 1978 of certain concepts, drawings, designs and other costs in connection with a proposed theme park near Elgin, Illinois, miscellaneous nonoperating income and deductions (which are immaterial) and income taxes. The following tables present additional industry segment data.

	Year ended March 31,					
Depreciation*	1979	1978	1977	1976	1975	1974
Broadcasting	$ 2,469	$ 2,166	$ 2,095	$ 1,965	$ 1,747	$ 1,867
Amusement park	4,023	3,845	3,562	3,307	3,039	2,452
West Coast	570	551	680	613	707	560
Other	8	5	—	—	—	—
Corporate—unallocated	408	390	238	221	165	127
	$ 7,478	$ 6,957	$ 6,575	$ 6,106	$ 5,658	$ 5,006
Capital expenditures*						
Broadcasting	$ 7,188	$ 4,244	$ 1,884	$ 1,915	$ 4,034	$ 2,014
Amusement park	17,977	5,173	3,553	4,858	5,691	7,908
West Coast	2,452	919	715	545	549	929
Other	1,435	34	636	—	—	—
Corporate—unallocated	159	1,412	1,126	201	1,267	242
	$ 29,211	$ 11,782	$ 7,914	$ 7,519	$ 11,541	$ 11,093

***Excludes depreciation and capital expenditures for investments carried on the equity basis.**

Identifiable assets—which are all tangible and intangible assets used by the industry segment, including current assets, property and equipment, contracts, licenses and goodwill, and other noncurrent assets. Amusement Park assets include Canada's Wonderland (under construction) and the Company's investment in Family Leisure Centers, Inc. and Hanna-Barbera's Marineland.

	1979	1978	1977	1976	1975	1974
Broadcasting	$ 90,410	$ 79,704	$ 72,498	$ 70,118	$ 67,422	$ 61,639
Amusement park	120,286	83,578	62,617	63,436	59,903	51,463
West Coast	69,836	53,622	42,344	35,395	37,747	37,257
Other	6,785	3,986	2,456	1,105	—	—
Corporate—unallocated	28,160	32,017	27,657	14,351	13,532	12,389
	$315,477	$252,907	$207,572	$184,405	$178,604	$162,748

Corporate—unallocated assets consist primarily of cash, prepaid income taxes, corporate office facilities, and investments not includable in the industry segments.

Broadcasting net revenues include television and radio net revenues as follows:

	1979	1978	1977	1976	1975	1974
Television	$ 63,101	$ 52,722	$ 47,794	$ 38,039	$ 33,948	$ 31,852
Radio	19,293	15,629	11,996	10,085	8,539	7,617

West Coast net revenues include the following amounts for film rentals from the major television networks:

1979	1978	1977	1976	1975	1974
$ 23,516	$ 19,712	$ 6,494	$ 7,019	$ 8,671	$ 8,123

Amusement park operating profit includes the following after tax net equity increase (decrease) of Family Leisure Centers, Inc. and Hanna-Barbera's Marineland, and West Coast includes the net equity increases (decreases) in certain motion picture and related business partnerships and corporate joint ventures as follows:

	1979	1978	1977	1976	1975	1974
Amusement park	$ (291)	$ 463	$ 341	$ 6	$ 108	$ —
West Coast	124	(299)	(554)	202	(175)	(138)

The Company made investments in amusement park joint venture companies as follows:

	1979	1978	1977	1976	1975	1974
Family Leisure Centers, Inc.	$ —	$ 15,000	$ —	$ 3,193	$ 8,488	$ 1,743
Hanna-Barbera Marineland	2,275	3,610	—	—	—	—

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE SUMMARY OF OPERATIONS

The following comments discuss significant variations in the Summary of Operations. For additional information, see the discussions of Group Operations on Pages 4 through 16.

Fiscal year 1979 versus 1978

Each industry segment contributed to the 21% increase in net revenues. Net revenue increases were posted at each of the Company's radio and television stations. The overall Broadcast Group net revenue increase of 21% reflects a strong demand for commercial time from national and local advertisers and improved ratings. Further details of the components of Broadcast net revenues are presented in the charts on Pages 4 and 6.

The 11% increase in Amusement Park net revenues is attributable to both an increase in attendance of 42,000 people and a 10% increase in per capita spending at Kings Island. The increase in per capita spending is a result of expanded in-park revenue producing facilities and price increases. Comparative attendance and per capita spending information for Kings Island and the Company's joint venture parks —Kings Dominion, Carowinds and Hanna-Barbera's Marineland—are presented in the chart on Page 8. The operations of the joint venture parks are reflected on the equity basis and accordingly their net revenues are not included in the Company's net revenues. The decrease in earnings of the joint venture parks reflects attendance declines at Kings Dominion and Carowinds, which were partially offset by per capita spending increases resulting from expanded in-park revenue producing facilities and price increases.

The Television and Motion Picture Production and Distribution revenue increase of 30% reflects record levels of production of animated children's programs for Saturday morning network television, a sharp increase in domestic distribution revenues, and an increase in foreign distribution revenue. These increases were partially offset by a decrease in prime time network revenues. "Man From Atlantis," a prime time network series was produced during fiscal year 1978, and no prime time series was produced during the current fiscal year.

Total operating costs and expenses increased $16,842,000 or 17%. Broadcast operating expenses increased 15% reflecting increased syndicated program costs and expansion of news operations; increased sales costs attributable to increases in revenues; and the effect of inflation. Amusement Park operating expenses increased 13% as a result of increased volume, expanded facilities and inflation. The 20% increase in the operating costs of the Television and Motion Picture Production and Distribution segment is primarily attributable to increased revenue levels which gives rise to increased program cost amortization. The cost of television and feature films is charged to expenses based on a proportional relationship between estimated lifetime revenues and costs. The remaining increase in total operating costs and expenses is attributable to resale costs related to increased residential housing development near Kings Island, expansion of corporate activities, and the effects of inflation.

The performance of the Broadcast and the Television and Motion Picture Production and Distribution industry segments gave rise to the 32% increase in operating profit. The 27% increase in Broadcast operating profit is attributable to the fact that a significant portion of operating costs does not increase in direct proportion to sales volume increases. The 181% increase in operating profit for the Television and Motion Picture segment is attributable to increased production and domestic distribution revenue levels and the mix of such revenues. Film amortization rates, the primary source of operating cost increases, vary because of the type of show, its audience appeal or acceptance and, in the case of syndicated product, its past revenue history.

The increase in interest expense is attributable to an increase in the average balance of borrowings during the year. See Financing Section on Page 21. The substantial increase in other income (deductions), net is attributable to two factors: (1) the 1978 amount includes two nonrecurring items; a loss of $2,200,000 due to the write-off of certain concept costs related to our abandoned theme park project near Chicago and interest income related to an income tax refund, and (2) increased amounts of interest income in 1979 resulting from higher rates and a larger average balance of invested funds.

The income tax provision was 44.9% of pretax earnings in 1979 versus 41.8% in 1978. This change in tax rate is primarily attributable to the favorable effect in 1978 of an income tax refund related to long standing investment tax credit issues.

Fiscal year 1978 versus 1977

Net revenues were 27% higher in fiscal year 1978 compared to fiscal year 1977, with all industry segments participating in the increase. Net revenue increases at each of the Company's television and radio stations generally resulted from higher commercial announcement rates reflecting audience levels and continued strong demand. Television local revenues increased 22%, television national and regional revenues increased 2%, AM radio revenues increased 25% and FM radio revenues increased 42%. National and regional television revenues were adversely affected by a decrease of $1,050,000 in Canadian revenues due to Canadian tax legislation, which denies tax deductions to Canadian advertisers for advertisements placed on U.S. border stations.

Kings Island revenues, the major source of amusement park revenues, increased 10% because of a substantial increase in per capita spending by patrons resulting from expanded in-park revenue producing facilities and price increases.

Television and Motion Picture Production and Distribution revenue increases primarily resulted from (1) network revenue applicable to the Company's first live action prime time series, "The Man From Atlantis," (2) increases in network revenues due to record production levels of animated children's programs for Saturday morning network television, (3) release of several prime time network specials, and (4) increases in foreign film distribution revenue.

Operating costs and expenses for industry segments increased 30% or $22,053,000. The Motion Picture Production and Distribution segment accounted for $14,451,000 of the additional expenses, most of which are from the amortization of television films as a result of the increase in revenues. Broadcasting expenses increased 11% reflecting higher programming and news costs, higher sales-related costs, and the effects of inflation. Amusement Park expenses increased 9% reflecting the higher level of business and inflation.

Most of the balance of the increase in operating costs and

expenses as well as the increase in other net revenues was related to the development and sale of condominium housing units near Kings Island. This project has had an immaterial effect on operating profit.

As a result of the higher net revenue increases, as compared to the increases in operating costs and expenses, operating profit improved for each of the major industry segments. Amusement Park operating profit includes equity in net earnings of Family Leisure Centers, Inc., a joint venture corporation, of $463,000 in fiscal year 1978 and $341,000 in fiscal year 1977. Motion Picture Production and Distribution operating profit had been reduced by the Company's share of losses on certain partnerships of $299,000 in fiscal year 1978 and $554,000 in fiscal year 1977.

Miscellaneous Other Income (Deductions) decreased from $986,000 income in fiscal year 1977 to $48,000 income in fiscal year 1978 mainly from (1) a charge of $2,200,000 as a result of abandoning certain concepts, drawings, designs and other costs in connection with a proposed theme park near Chicago, Illinois less (2) interest income of $930,000 on the income tax refund. See notes 2 and 9 to the Consolidated Financial Statements.

The income tax provision was 41.8% of pretax earnings in fiscal year 1978 compared to 45.7% in fiscal year 1977. The rate was lower in fiscal year 1978 because of more investments which qualified for Investment Tax Credit, and the benefit of the income tax refund.

QUARTERLY RESULTS OF OPERATIONS

(in thousands of dollars, except per share)

	Net Revenues		Operating Profit	
Quarter	1979	1978	1979	1978
First	$ 43,688	$ 33,167	$11,532	$ 8,296
Second	54,354	45,413	19,358	15,305
Third	37,450	34,218	12,156	8,613
Fourth	31,576	25,469	6,533	5,457
Year	$167,068	$138,267	$49,579	$37,671

	Net Earnings		Net Earnings Per Share	
Quarter	1979	1978	1979	1978
First	$ 5,978	$ 4,236	$ .71	$ .52
Second	9,995	7,982	1.18	.98
Third	6,339	4,903	.75	.58
Fourth	3,569	2,771	.42	.33
Year	$ 25,881	$ 19,892	$3.06	$2.41

The primary operation of the Amusement Park Group is seasonal in nature except for the operation of Hanna-Barbera's Marineland, which is open year round. The major portion of the park season is Memorial Day through Labor Day. There are pre- and post-season weekend-only operations before and after these holidays. By far the largest share of park attendance and earnings is achieved in the second fiscal quarter, primarily in the months of July and August.

REVENUE RECOGNITION POLICIES FOR TELEVISION AND MOTION PICTURE PRODUCTION

The Accounting Standards Division of the AICPA issued a Statement of Position (No. 79-4) on March 26, 1979. This pronouncement amended the AICPA Industry Accounting Guide "Accounting for Motion Picture Films," by changing the description of the film availability criteria for revenue recognition. Production companies are now required to recognize all of the revenue under a license agreement for a film or series when the film or series may be shown for the first time. The Company had followed the practice of deferring film revenues if the related contract restricted subsequent showings; revenue was recognized as each showing became available to the licensee.

This change in accounting is not expected to have a material effect on the consolidated financial statements in fiscal year 1980; the effect on accounting periods beyond fiscal 1980 is not determinable at this time. This new policy will, however, tend to seasonalize revenues with the peak periods being the Company's second and third fiscal quarters, the periods when the greatest volume of new shows for network viewing are delivered.

INCOME TAXES

The Company's effective income tax rate can increase or decrease based upon several factors including the amount of Investment Tax Credit and changes in earnings subject to various state income taxes. Acquisitions of certain operating equipment and costs incurred in television and motion picture productions are examples of investments which give rise to Investment Tax Credit. The states to which earnings are allocated for state income tax purposes affect the tax rate because rates vary from state to state.

The effective income tax rate for the year ended March 31, 1978, was favorably affected by the successful litigation of the Company's claim for certain tax refunds. The Company had litigated claims for recovery of Federal income taxes arising from Investment Tax Credits which should have been allowed on certain television and theatrical films produced from 1962 through 1971. The tax refund received was $1,669,000. Under current accounting rules, $967,000 of this amount reduced fiscal year 1978 tax expense.

Accordingly, the effective income tax rate for the fiscal year ended March 31, 1978, was 41.8% compared to the 44.9% for the current year.

Based on information available at this time, the effective income tax rate for fiscal year 1980 should be approximately 43% to 45%. The rate which we anticipate will be used throughout the year will be first reflected in the June 30, 1979, quarterly report.

WORKING CAPITAL

The increased demands for working capital funds resulted from the increased dividend payments; reinvestment at the existing parks and the construction of Canada's Wonderland; expansion and upgrading of facilities and the record production levels at Hanna-Barbera Productions.

FINANCING

During the year ended March 31, 1979, the Company completed its draws under financing arrangements negotiated with three insurance companies in December, 1977. The financing agreements involved total loans of $35,000,000

($15,000,000 at 8½% and $20,000,000 at 8¾% per annum), and provide for principal repayments commencing on August 1, 1983, with final payments due on August 1, 1995. The initial draw of $15,000,000 was made in December, 1977, and was used to retire the existing bank debt of Family Leisure Centers, Inc. (FLC). The Kroger Co., the Company's joint venture partner, also provided $15,000,000 for that purpose. The final draw of $20,000,000, which was taken down in December, 1978, is being used to finance, in part, the construction of the new theme park near Toronto, Canada, Canada's Wonderland.

Canada's Wonderland will be 75% owned by Taft and 25% owned by The Great-West Life Assurance Company, of Canada. The Toronto park's financing package includes the following elements. The equity investments of the venturers (a portion of the Company's investment was financed through the issuance of the 8¾% notes described above) will provide approximately 56% of the total estimated cost ($105.8 million Canadian) of the project. The Company will guarantee direct borrowings of the Toronto project which will provide 18% of the project budget. Great-West will provide direct loans to fund 6% of the project and the remaining 20% of the construction costs will be funded through the issuance of first mortgage bonds secured by the park's tangible assets. Interim construction financing has been secured in an amount equal to the first mortgage bonds and will be repaid by the first mortgage bonds upon completion of the project.

In April, 1979, a subsidiary of the Company borrowed $9,000,000. The proceeds were used to finance, in part, the purchase of the net assets of QM Productions. The loan is payable in variable quarterly installments based on syndication proceeds through July 1984, bears interest at the bank's prime rate plus one-quarter of one-percent and is secured by the net assets of QM Productions.

The acquisition of Worldvision Enterprises, Inc., which cannot be concluded until final approval of certain tax aspects is given by the IRS, will be accomplished through the issuance of common and preferred shares of the Company. The number of common shares to be issued is contingent upon the average market price of the Company's common stock during a 30 day period preceding closing. The number of common shares issued will not be less than 298,000 nor more than 408,000. The 260,000 preferred shares to be issued in this transaction have been designated as Series A Cumulative Convertible Preferred Stock. Series A shares: have a par value of $20 per share; are convertible into common shares of the Company at a 40% premium over the average market price of the Company's common shares for a 30 day period preceding the closing; are entitled to dividends at the rate of 6½% through September 1, 1984, and 10% thereafter; and are redeemable, in whole or in part, after the fifth anniversary of their issuance. The Company is required to redeem 20% of the preferred shares issued in connection with this transaction each year beginning in the sixth year.

The purchase of WDCA-TV in Washington, D.C., when approved by the FCC, will be partially financed by the seller. The Company will pay $3,000,000 of the purchase price upon closing and at each of the first, second and third anniversaries of the closing. A final payment of $1,500,000 will be made on the fourth anniversary of the closing. The loan will bear interest at 8% per annum.

This fiscal year the Company borrowed $4,100,000 in connection with the acquisition of real and personal property. These borrowings are payable in installments through 1999 and bear interest at from 6.55% to 9%. The Company has also arranged future financing for the acquisition and construction of other real and personal property. These borrowings amount to $6,150,000, bear interest at 9½% and are payable in installments through 2005.

Under current loan agreements, the Company may borrow up to approximately $21,400,000 on unsecured short-term credit lines. No such lines were used during the year.

STOCKHOLDERS' EQUITY

For the year ended March 31, 1979, Stockholders' Equity increased $23,732,000 to $161,364,000 or to $19.78 equity per common share outstanding. Since fiscal year 1974, Stockholders' Equity per common share outstanding has increased at an average annual compound growth rate of 12%.

Net earnings for the year ended March 31, 1979, of $25,881,000 provided a return of 17% on quarterly average Stockholders' Equity of $150,000,000. Return on Stockholders' Equity was 15.5% for the fiscal year ended March 31, 1978.

MARKET PRICES OF COMMON STOCK

Market prices of the Company's common stock for fiscal years 1979 and 1978 are as follows:

	Year Ended March 31,			
	1979		1978	
Quarter	High	Low	High	Low
First	$22.50	$17.44	$15.06	$13.38
Second	25.19	18.75	15.00	12.06
Third	25.25	17.50	17.13	13.00
Fourth	23.13	18.25	18.13	14.63

The last closing price on the Company's common stock prior to publication of this report was $21.00 on May 24, 1979. The Company's common stock is traded on the New York Stock Exchange under the symbol TFB.

DIVIDENDS

The dividend paid on June 15, 1979, is the 80th consecutive quarterly dividend paid by the Company. Dividends have been paid in every quarter since the Company's stock was first offered to the public on July 7, 1959.

The current dividend amount is $.16 per quarter; an annual rate of $.64. During the fiscal year ended March 31, 1979, the Company paid out $5,197,780 or 20% of net earnings in dividends to our stockholders.

The annual dividend rate has been increased three times in the last five years from $.30 five years ago to $.64 today. We will continue to review our dividend policy to assure that it remains consistent with the Company's capital demands and our stockholders' income needs.

STOCK SPLIT

On July 25, 1978, the Company's stockholders approved a restatement of the certificate of incorporation, which restatement included a provision increasing the number of authorized shares of Common Stock from 5,000,000 to 10,000,000. This action enabled the Company to effect a two-for-one stock split, approved by the Board of Directors on April 27, 1978, as a 100% stock dividend on August 14, 1978, to stockholders of record on July 28, 1978. All per share data have been restated to reflect this event.

Summary of Significant Accounting Policies

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. All material intercompany amounts are eliminated. Investments in partnerships and other investees are carried on an equity basis.

TELEVISION AND FEATURE FILMS

Television and feature films are stated at the lower of amortized cost or market. Substantially all of the costs of completed films are amortized by charges to earnings in the proportion that the net revenues received for each series bears to the estimated total of such revenues to be received. Estimates of net revenues are reviewed periodically and amortization is adjusted accordingly.

Revenues received from television networks are taken into income substantially on the dates the films are telecast. Revenues earned from syndication of films by independent distributors are recorded when reported by the distributors. Revenues from films distributed by the Company are recorded when the films are available to the licensee, and when certain other conditions are met.

The current portion of television and feature films includes the unamortized costs of films in release allocated to the primary market, television films in production which are under license agreements to the networks, and amounts allocated to secondary markets estimated to be realizable within one year. Other costs related to film production are classified as noncurrent assets.

FILM CONTRACT RIGHTS

Film contract rights acquired for television are stated at cost, less amortization. These costs are charged to operations as follows: on a straight-line basis over the contract period or on a per showing basis whichever results in the greater aggregate amortization. The costs of film contracts estimated to be charged to operations during the next fiscal year have been classified as current assets.

PROPERTY AND EQUIPMENT

Approximately 75% of the depreciable assets are depreciated on the straight-line method and the remainder on accelerated methods.

Depreciable lives are: land improvements, 8 to 20 years; buildings, 8 to 33 years; operating and other equipment, 3 to 20 years; and leasehold improvements over the life of the lease.

Maintenance, repairs and minor renewals are charged to operations. Additions and betterments are capitalized. Disposals or retirements of property and equipment, other than normal disposals or retirements of amusement park assets, are eliminated from the accounts and gain or loss reflected in the consolidated statement of earnings. Normal retirements or disposals of amusement park assets depreciated using composite rates are removed from the accounts and no gain or loss is recognized.

CAPITALIZED INTEREST

Interest costs incurred on borrowed funds related to the development and construction of property are capitalized in order to properly reflect the cost of capital assets. Family Leisure Centers, Inc., a joint venture corporation, also follows the same policy. Had the companies expensed interest as incurred, the effect on net earnings for the Company would have been immaterial in 1979 and 1978.

CONTRACTS, BROADCASTING LICENSES AND GOODWILL

Contracts, broadcasting licenses and goodwill represent the excess of the consideration paid for the purchase of businesses over the amounts assigned to the net identifiable assets acquired. Intangibles arising prior to November 1, 1970, are stated at cost and are not being reduced until such time as a decrease in their value becomes evident. Intangibles, aggregating $3,306,000 at March 31, 1979, related to businesses purchased after October 31, 1970, are stated at cost, less amortization and are being amortized over periods ranging from 6 to 40 years.

INCOME TAXES

Investment tax credits are recorded as a reduction of Federal income taxes on the "flow-through" method when realized.

The Company provides deferred income taxes for timing differences in reporting certain transactions for income tax and financial statement purposes.

EARNINGS PER SHARE

Net earnings per common and common equivalent share is computed on the basis of the weighted average number of common shares outstanding during the year, plus the assumed exercise of all dilutive stock options, and assuming the exercise of warrants during those periods in which the average market price of the Company's common stock was in excess of the exercise price for the warrants. Stock options are reflected on the "treasury stock" method, and warrants on the "if converted" method.

Fully diluted earnings per share is not set forth separately because the resulting per share amounts would not be materially different from net earnings per common and common equivalent share.

FOREIGN CURRENCY TRANSLATION

Property and equipment, stated in foreign currencies, have been translated into U.S. dollar equivalents at the exchange rates prevailing at the time of acquisition; other assets and liabilities have been translated at the exchange rates prevailing at the end of the fiscal year. Gains and losses resulting from exchange transactions and translation of foreign currencies have been included in income.

Consolidated Balance Sheets

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

March 31, 1979 and 1978

ASSETS	1979	1978
Current assets:		
Cash and temporary cash investments	$ 14,968,680	$ 17,198,496
Receivables, less allowance for doubtful accounts (note 1)	19,536,895	17,342,810
Television and feature films, including films in production of $10,234,241 ($7,926,111 in 1978)	23,473,375	20,525,897
Film contract rights	7,081,429	5,375,142
Prepaid expenses and miscellaneous current assets	7,234,241	6,821,335
Total current assets	72,294,620	67,263,680
Cash in banks and certificates of deposit (note 3)	15,979,298	—
Property and equipment, at cost (notes 1 and 3)	142,526,430	115,125,883
Less accumulated depreciation	51,957,221	45,889,726
Net property and equipment	90,569,209	69,236,157
Contracts, broadcasting licenses and goodwill (notes 2 and 6)	37,103,613	35,367,239
Investments in and advances to partnerships, corporate joint ventures, and others (notes 8 and 9)	48,733,177	44,611,164
Television and feature films, less current portion	29,418,544	20,141,982
Film contract rights, less current portion	15,364,000	12,733,082
Deferred charges, at cost less accumulated amortization	2,548,686	1,538,822
Other assets, at cost	3,466,225	2,015,310
	$315,477,372	$252,907,436

See accompanying Summary of Significant Accounting Policies, and Notes to Consolidated Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	1979	1978
Current liabilities:		
Long-term debt, current portion (note 3)	$ 3,001,291	$ 4,111,199
Accounts payable (note 1)	7,245,749	4,834,955
Accrued expenses (note 1)	10,032,791	9,165,129
Income taxes (note 2)	12,662,483	10,669,023
Film contracts payable, current portion	6,376,886	5,343,555
Deferred film revenue	16,230,210	13,104,814
Total current liabilities	55,549,410	47,228,675
Long-term debt, less current portion (note 3)	65,537,428	44,729,784
Film contracts payable, less current portion (note 4)	9,266,000	6,422,000
Deferred income taxes (note 2)	20,031,100	16,895,000
Minority interest (note 3)	3,729,022	—
Commitments and contingent liabilities (notes 6 and 7)		
Stockholders' equity (notes 3, 5, and 6):		
Preferred stock, par value $20 per share; authorized 2,000,000 shares none issued	—	—
Common stock, par value $.50 per share; authorized 10,000,000 shares and 5,000,000 shares, issued 8,390,075 shares (4,157,976 in 1978)	4,195,038	2,078,988
Additional paid-in capital	26,074,014	25,141,309
Retained earnings	133,499,578	112,815,898
	163,768,630	140,036,195
Less treasury stock at cost—234,040 shares and 117,020 shares	2,404,218	2,404,218
Total stockholders' equity	161,364,412	137,631,977
	$315,477,372	$252,907,436

Consolidated Statements of Earnings

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

Years ended March 31, 1979 and 1978	1979	1978
Net revenues:		
Broadcasting	$ 82,394,539	$ 68,351,046
Amusement park	38,799,317	34,798,938
Television and motion picture production and distribution	42,773,651	32,910,886
Other	3,100,976	2,206,523
Total net revenues	167,068,483	138,267,393
Operating costs and expenses:		
Broadcasting, amusement park, production and distribution and other costs	69,332,129	60,680,196
Selling, general and administrative	40,565,405	32,895,766
Depreciation	7,477,553	6,956,801
Total operating costs and expenses	117,375,087	100,532,763
Operating profit before equity in earnings (losses) of partnerships, corporate joint ventures, and others	49,693,396	37,734,630
Equity in earnings (losses) of partnerships, corporate joint ventures, and others, including earnings (losses) from amusement park joint ventures of ($291,011) in 1979 and $463,301 in 1978	(114,782)	(64,285)
Operating profit	49,578,614	37,670,345
Other income (deductions), net:		
Interest expense	(4,761,331)	(3,548,059)
Interest income (note 2)	1,984,754	1,985,983
Gain on foreign currency translation	95,448	—
Miscellaneous, net (note 9)	81,975	(1,937,493)
Total other	(2,599,154)	(3,499,569)
Earnings before income taxes	46,979,460	34,170,776
Income taxes (note 2)	21,098,000	14,279,000
Net earnings	$ 25,881,460	$ 19,891,776
Average number of common and common equivalent shares	8,513,165	8,290,990
Net earnings per common and common equivalent share	$3.06	$2.41

See accompanying Summary of Significant Accounting Policies, and Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

Years ended March 31, 1979 and 1978	1979	1978
Common stock, par value $.50 per share:		
Beginning of period (4,157,976 shares and 4,147,265 shares, respectively)	$ 2,078,988	$ 2,073,633
Shares issued under stock split (4,165,161 shares)	2,082,581	—
Shares issued under stock bonus plan—4,867 (4,480 shares in 1978) (note 5)	2,433	2,240
Shares issued under stock option plan—62,071 shares (6,231 shares in 1978) (note 5)	31,036	3,115
End of period (8,390,075 shares and 4,157,976 shares, respectively)	4,195,038	2,078,988
Additional paid-in capital:		
Beginning of period	25,141,309	24,904,806
Stock bonus plan (note 5)	95,539	137,222
Capital contributed to a subsidiary by minority shareholder	2,086,934	—
Shares issued under stock split	(2,082,581)	—
Stock option plan, including tax benefit on nonqualified options of $217,500 ($1,700 in 1978) (note 5)	832,813	99,281
End of period	26,074,014	25,141,309
Retained earnings:		
Beginning of period	112,815,898	96,958,745
Net earnings	25,881,460	19,891,776
	138,697,358	116,850,521
Less dividends declared and paid on common stock—$.64 per share in 1979 ($.50 per share in 1978)	5,197,780	4,034,623
End of period	133,499,578	112,815,898
Treasury stock:		
Beginning of period (117,020 shares)	2,404,218	2,404,218
Shares recorded under stock split (117,020 shares)	—	—
End of period (234,040 shares)	2,404,218	2,404,218
Total Stockholders' Equity	$161,364,412	$137,631,977

See accompanying Summary of Significant Accounting Policies, and Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Financial Position

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

Years ended March 31, 1979 and 1978	1979	1978
Sources of working capital:		
Net earnings	$25,881,460	$19,891,776
Charges against earnings not requiring working capital:		
Depreciation	7,477,553	6,956,801
Deferred income taxes	3,136,100	3,537,100
Write-off of certain park design and concept costs (note 9)	—	2,200,000
Equity in net losses (earnings) of partnerships, corporate joint ventures and others	114,782	64,285
Other non-cash items, net	787,538	1,511,407
Working capital derived from operations	37,397,433	34,161,369
Increase in noncurrent film contracts payable, net	2,844,000	1,284,000
Issuance of long-term debt	24,136,000	15,000,000
Investment in subsidiary by minority stockholder	5,815,956	—
Other	863,849	997,996
Decrease in working capital	3,289,795	—
	$74,347,033	$51,443,365
Uses of working capital:		
Dividends	5,197,780	4,034,623
Cash in banks and certificates of deposit (note 3)	15,979,298	—
Additions to property and equipment, including $5,804,000 relating to acquisitions in 1979 (notes 3 and 6)	29,210,532	11,781,859
Increase in noncurrent television and feature films	9,276,562	3,972,840
Increase in noncurrent film contract rights, net	2,630,918	1,697,082
Investments in and advances to partnerships, joint ventures and others, net	4,236,795	24,162,949
Reduction in long-term debt	3,328,356	4,053,215
Other	4,486,792	1,089,684
Increase in working capital	—	651,113
	$74,347,033	$51,443,365
Changes in working capital:		
Increase (decrease) in current assets:		
Cash and temporary cash investments	(2,229,816)	(718,307)
Receivables, net	2,194,085	5,354,972
Television and feature films	2,947,478	7,600,337
Film contract rights	1,706,287	914,273
Prepaid expenses and miscellaneous current assets	412,906	968,077
	5,030,940	14,119,352
(Increase) decrease in current liabilities:		
Long-term debt, current portion	1,109,908	(21,576)
Accounts payable, and accrued expenses	(3,278,456)	(3,044,914)
Income taxes	(1,993,460)	(2,221,119)
Film contracts payable, current portion	(1,033,331)	(1,737,516)
Deferred film revenue	(3,125,396)	(6,443,114)
	(8,320,735)	(13,468,239)
Increase (decrease) in working capital	$(3,289,795)	$ 651,113

See accompanying Summary of Significant Accounting Policies, and Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

(1) Supplemental Balance Sheet Information

	Year ended March 31, 1979	1978
Receivables:		
Trade	$ 18,570,150	$ 16,821,099
Affiliates	1,052,212	803,153
Other	1,316,316	848,384
	20,938,678	18,472,636
Less allowance for doubtful accounts	1,401,783	1,129,826
	$ 19,536,895	$ 17,342,810
Accounts payable:		
Trade	6,059,399	4,316,873
Other	1,186,350	518,082
	$ 7,245,749	$ 4,834,955
Accrued expenses:		
Wages, vacation pay, and other employee compensation	2,383,212	2,006,908
Taxes, other than income taxes	874,684	776,684
Interest	1,598,018	1,386,397
Other	5,176,877	4,995,140
	$ 10,032,791	$ 9,165,129
Property and equipment:		
Land and improvements	20,049,828	11,619,621
Buildings	45,723,235	39,811,144
Operating and other equipment	62,659,421	57,953,239
Leasehold improvements	861,840	939,403
Installations in progress	13,232,106	4,802,476
	142,526,430	115,125,883
Less accumulated depreciation	51,957,221	45,889,726
	$ 90,569,209	$ 69,236,157

(2) Income Taxes

The details of the income tax provisions are as follows:

	Year ended March 31, 1979	1978
Current:		
Federal	$ 15,033,000	$ 11,086,900
State and other	3,303,000	2,591,000
Total current	18,336,000	13,677,900
Deferred:		
Federal	2,680,000	518,100
State	82,000	83,000
Total deferred	2,762,000	601,100
	$ 21,098,000	$ 14,279,000

The sources which give rise to deferred income taxes and the effect of each are as follows:

	Year ended March 31, 1979	1978
Depreciation of property and equipment	$ 975,000	$ 1,079,000
Amortization of television and feature films	3,179,000	2,473,000
Advance film rentals	(1,559,000)	(2,910,000)
Other	167,000	(40,900)
	$ 2,762,000	$ 601,100

It is not expected that the cash outlay for income taxes with respect to any of the succeeding three years will substantially exceed income tax expense for any such year.

The principal items comprising the difference in taxes on income computed at the U.S. statutory rate and the amount provided by the Company are as follows:

	Year ended March 31, 1979	1978
Computed expected tax expense	$ 22,315,000	$ 16,402,000
Investment tax credit	(2,850,000)	(2,800,000)
Investment tax credit refund	—	(966,000)
State and other income taxes	1,777,000	1,390,000
Other	(144,000)	253,000
	$ 21,098,000	$ 14,279,000

The Federal income tax returns of the Company and its subsidiaries have been examined by the Internal Revenue Service (IRS) through March 31, 1974 and settled, except for investment tax credit issues with respect to television and theatrical film production costs. Tax years ending March 31, 1975 and 1976 are presently under examination by the IRS. The IRS has, in accordance with its present policy for the motion picture and television industry, declined to accept or disallow investment tax credits for the years 1972 through 1974. Such tax credits have been reflected in the financial statements. Final resolution of this matter is not expected to have a material effect on the consolidated financial statements of the Company.

As a result of a decision by a United States District Court, the Company received income tax refunds of $1,668,964 for tax years May 25, 1963 through January 2, 1971, plus interest of $947,463. The refunds result from the Company's long-standing claims for investment tax credits on certain shows produced by Hanna-Barbera Productions, Inc. (a wholly-owned subsidiary). Net earnings for the year ended March 31, 1978, were increased $1,380,000 ($.17 per share) from this transaction, and contracts, licenses and goodwill has been reduced $747,077 to reflect the portion of the refund applicable to the period prior to the Company's acquisition of Hanna-Barbera.

(3) Long-term Debt

Long-term debt is summarized as follows:

	Year ended March 31, 1979	1978
5⅜% notes (original amount $19,800,000), payable in semi-annual installments of $1,100,000	$ 1,100,000	$ 3,300,000
7¾% notes (original amount $15,000,000), payable in semi-annual installments of $750,000 (net of debt discount of $420,690 and $478,710 respectively)	10,629,310	12,071,290

8½% notes (original amount $15,000,000), payable in annual installments of $1,150,000 commencing on August 1, 1983 through 1994, with final payment of $1,200,000 on August 1, 1995..	**15,000,000**	15,000,000
8¾% notes (original amount $20,000,000), payable in annual installments of $1,530,000 commencing on August 1, 1983 through 1994, with final payment of $1,640,000 on August 1, 1995..	**20,000,000**	—
10½% notes (original amount $15,000,000), payable in semi-annual installments of $750,000 commencing on October 1, 1981..	**15,000,000**	15,000,000
Other obligations (total original amounts $7,750,500), payable in various monthly or annual installments, with interest rates ranging from 6 to 10%.........	**6,809,409**	3,469,693
	68,538,719	48,840,983
Less current portion.............	**3,001,291**	4,111,199
	$ 65,537,428	$ 44,729,784

The noncurrent portion of long-term debt due in the four years succeeding March 31, 1980, is approximately $1,796,000 in 1981; $2,405,000 in 1982; $3,142,000 in 1983; and $6,824,000 in 1984.

Several of the Company's long-term debt agreements contain various restrictions, including restrictions on the payment of dividends (other than dividends payable solely in stock of the Company); on the amounts which may be used for the purchase, redemption or retirement of the Company's stock; and on the amount of certain investments. Approximately $12,500,000 of retained earnings was free of these restrictions at March 31, 1979. The agreements also contain restrictions as to amounts of long and short-term debt. Such agreements allow for unsecured short-term borrowings of up to $21,400,000 at March 31, 1979. Further, the Company is required to maintain certain levels of working capital, net worth and current ratios, all as defined in the agreements.

During the year ended March 31, 1979, the Company completed its draws under financing arrangements negotiated with three insurance companies in December, 1977. The financing agreements involved total loans of $35,000,000 ($15,000,000 at 8½% and $20,000,000 at 8¾% per annum). The initial draw of $15,000,000 was made in December, 1977. The final draw of $20,000,000, which was taken down in December, 1978, is being used to finance, in part, the construction of the new theme park near Toronto, Canada, which will be owned by Family Leisure Centres of Canada, Limited. The loan proceeds have been invested in interest bearing certificates of deposit, which are classified as non-current because these funds will be used to finance the construction of non-current assets.

In connection with the financing of the Toronto Amusement Park, project borrowings will amount to $47,000,000 (Canadian). The Company will guarantee $18,750,000, and the minority stockholder will provide direct loans of $6,250,000. The remaining $22,000,000 will be funded through the issuance of first mortgage bonds secured by the park's assets. Interim construction financing has been secured in an amount equal to the first mortgage bonds and will be repaid by the first mortgage bonds upon completion of the project.

There were no short-term borrowings by the Company during the years ended March 31, 1978, and 1979.

(4) Film Contracts Payable

The noncurrent portion of film contracts payable due in the years succeeding March 31, 1980, is approximately $4,718,000 in 1981; $2,920,000 in 1982; $1,017,000 in 1983; and $611,000 thereafter. The Company is also obligated to make payments under contracts for films not currently available for use, and therefore, not included in the consolidated balance sheets, in the amount of $5,494,000 at March 31, 1979. The portion of these payments due in years succeeding March 31, 1979, is $248,000 in 1980; $1,260,000 in 1981; $1,329,000 in 1982; $1,944,000 in 1983; and $713,000 thereafter.

(5) Common Stock and Warrants

On July 25, 1978, the Company's stockholders approved a restatement of the certificate of incorporation, which restatement included a provision increasing the number of authorized shares of Common Stock from 5,000,000 to 10,000,000. This action enabled the Company to effect a two-for-one stock split, approved by the Board of Directors on April 27, 1978, as a 100% stock dividend on August 14, 1978, to stockholders of record on July 28, 1978. All per share data have been restated to reflect this event.

The Company has two stock option plans, the 1967 Stock Option Plan (1967 Plan) and the 1974 Stock Option Plan (1974 Plan), for granting options to purchase the Company's common stock to officers and key employees.

The 1967 Plan, which expired on April 19, 1977, authorized the granting of qualified options for 100,000 common shares. At March 31, 1979, options for 20,236 shares were outstanding and exercisable under the Plan.

The 1974 Plan, which expires in 1984, authorized the granting of qualified and nonqualified options for 400,000 common shares. At March 31, 1979, options for 196,050 shares were outstanding (including 101,712 shares for nonqualified options) of which 182,550 were exercisable. Further, at March 31, 1979, options for 92,124 shares were available for future grant (104,454 shares at March 31, 1978).

Options under both plans are granted at a price not less than fair market value on the date of grant, exercisable one year after the date of grant, and expire five years after the date of grant in the case of qualified options and ten years after the date of grant in the case of nonqualified options. Compensation expense is not incurred under either of these two plans for financial reporting purposes. For nonqualified options exercised, the Company receives a Federal income tax deduction equal to the excess of the fair market value per share over the option price per share on the date the options are exercised. The tax benefit so derived is credited to additional paid-in capital. Common stock and additional paid-in capital are credited with the option price paid by the optionee upon exercise.

The changes in outstanding options under the two plans for the years ended March 31, 1979 and 1978 are as follows:

		Option price		Fair Value at date granted, became exercisable, or exercised	
	Number of Shares	Range per Share	Total	Range per Share	Total
Options outstanding at March 31, 1977	260,066	$8.00-28.25	$2,750,779		
Transactions during 1978:					
Options granted	30,608	14.6875	449,555	$14.6875	$ 449,555
Options exercised	(12,462)	8.00-13.00	(100,696)	13.6875-16.1875	187,592
Options expired	(5,000)	26.625-28.25	(139,625)		
Options outstanding at March 31, 1978	273,212	8.00-15.0625	2,960,013		
Transactions during 1979:					
Options granted	13,500	24.125	325,688	24.125	325,688
Options exercised	(69,256)	8.00-15.0625	(646,349)	18.21875-25.00	1,483,312
Options expired	(1,170)	13.00	(15,210)		
Options outstanding at March 31, 1979	216,286	8.00-24.125	$2,624,142		
Options becoming exercisable in:					
1978	42,946	15.0625	646,874	14.5625	625,401
1979	30,608	14.6875	449,555	20.6875	633,203

The Company has a stock bonus plan which provides for issuance of a maximum of 9,000 shares of common stock annually over 10 years beginning in June, 1969. The Company issued 4,867 shares under this plan in the year ended March 31, 1979 (8,960 in 1978). Common stock and additional paid-in capital are credited and compensation expense is charged with the fair market value of the shares at the issuance date.

Warrants to purchase 283,358 shares of the Company's common stock for $14.82 per share were outstanding at March 31, 1979 and 1978. The warrants, which were issued in connection with the 7¾% notes payable, can be exercised at any time until they expire in 1986. The number of shares which may be purchased and the purchase price per share are subject to adjustment under certain circumstances including the granting of any option at a price below the defined market price of the warrant.

At March 31, 1979, shares of common stock were reserved for issuance as follows:

1967 Stock Option Plan	20,236
1974 Stock Option Plan	288,174
1969 Stock Bonus Plan	9,000
Warrants	283,358
Proposed acquisition transaction	603,383
	1,204,151

(6) Acquisitions and Pending Acquisitions

The Company purchased FM station WYNF in Tampa-St. Petersburg, Florida for $2,000,000 cash on September 12, 1978. The operations of WYNF have been included in the accompanying financial statements since that date. The excess of the purchase price over the fair value of net assets acquired, is included in contracts, broadcasting licenses and goodwill in the accompanying balance sheets. Pro forma results of operations have been omitted because they are immaterial.

During April, 1979, the Company concluded the acquisition of an AM radio station and a motion picture and television production company. WDAE-AM located in Tampa-St. Petersburg, Florida was purchased on April 2, 1979 for $5,500,000. The Company purchased an 81% interest in QM Productions on April 3, 1979. The purchase price of the net assets was $12,000,000; $9,000,000 of the purchase price was financed through intermediate term bank loans.

A definitive agreement to purchase the stock of Channel 20, Inc. (WDCA-TV in Washington, D.C.) was signed in June 1978. The purchase price of $13,500,000 is payable over a four-year period. This acquisition is subject to requisite approval from the Federal Communications Commission.

On March 27, 1979, the Company signed a definitive agreement to purchase Worldvision Enterprises, Inc. The agreement provides for the issuance of a maximum of 408,000 common shares of the Company and $5,200,000 par value of 6½% preferred stock. The preferred stock will be subject to redemption and conversion privileges. This acquisition is subject to obtaining favorable Federal income tax rulings.

Accountants' Report

(7) Commitments and Contingent Liabilities

The Company has guaranteed borrowings of two affiliated partnerships aggregating $2,967,000 at March 31, 1979.

The Company and its subsidiaries are involved in litigation arising in the normal course of business, none of which is expected to result in any material loss.

Obligations under lease agreements are not material.

(8) Investment in Family Leisure Centers, Inc.

The Company owns 50% of the total issued stock of Family Leisure Centers, Inc. (Family Leisure), a corporate joint venture with The Kroger Co.

The Company has investments in and advances to Family Leisure of $31,122,835 as of March 31, 1979 ($31,230,998 in 1978). Separate consolidated financial statements of Family Leisure are included on pages S-12 through S-17 of Form 10-K, incorporated herein by reference.

(9) Abandonment Loss

In December 1977, the Company abandoned certain concepts, drawings, designs and other deferred costs developed in connection with a proposed theme park near Chicago, Illinois. The charge to earnings amounted to $2,200,000, and is included in miscellaneous other deductions. The after tax effect of this transaction reduced net earnings $1,210,000 and net earnings per share $.14.

(10) Quarterly Results of Operations (Unaudited)

The unaudited quarterly results of operations for net revenues, operating profit, net earnings and net earnings per share for 1979 and 1978 on page 21 are incorporated herein by reference.

(11) Replacement Cost Data (Unaudited)

The replacement cost data required to be presented pursuant to Securities and Exchange Commission Rule 3-17 of Regulation S-X is included on page S-3 and S-4 of Form 10-K incorporated herein by reference.

(12) Industry Segments

Net revenues and operating profit for the Company's industry segments—broadcasting, amusement park, television and motion picture production and distribution, and other—for the six years ended March 31, 1979 are included on pages 18 and 19 within the Six Year Summary. Supplemental industry segment data is included on page 19. Industry segment information for the years ended March 31, 1978 and 1979 is incorporated herein by reference.

No single customer provided 10% or more of the Company's net revenues. Foreign operations are immaterial, and net revenue from foreign customers is immaterial.

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants

The Stockholders and Board of Directors
Taft Broadcasting Company:

We have examined the consolidated balance sheets of Taft Broadcasting Company and subsidiaries as of March 31, 1979 and 1978 and the related consolidated statements of earnings, stockholders' equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Taft Broadcasting Company and subsidiaries at March 31, 1979 and 1978 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

Cincinnati, Ohio
May 16, 1979

Form 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 1979	Commission File Number 1-4625

TAFT BROADCASTING COMPANY

Incorporated under the laws of the State of Delaware	IRS Employer Identification No.: 31-0618336

1906 Highland Avenue, Cincinnati, Ohio 45219

Telephone Number: Area Code 513-721-1414

Securities registered pursuant to Section 12(b) of the Act:

Title of class so registered	Name of exchange on which class is registered
Common $0.50 Par Value	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report. 8,156,035 common shares—$0.50 par value.

ITEM 1.—BUSINESS

General

Taft Broadcasting Company ("Taft"), itself and through subsidiary corporations (referred to generally hereafter together as the "Company"), is principally engaged in television and radio broadcasting, amusement park operations and film production and distribution. Taft was incorporated in 1959 under the laws of the State of Delaware.

Information about Industry Segments

The Company's industry segments are *Television and Radio Broadcasting*, *Amusement Parks* and *Television and Motion Picture Production and Distribution*. Financial information for these segments for the five years ended March 31, 1979 is set forth on pages 18 and 19 of the Company's Annual Report to Stockholders for the year ended March 31, 1979 under "Summary of Operations" and "Supplemental Industry Segment Data," both included as part of the "Six Year Summary." This information is incorporated herein by reference.

Television and Radio Broadcasting

The company owns and operates six television and twelve radio stations as follows:

Location	Station		Number of Commercial Stations Operating in the Market*
Birmingham, Alabama	WBRC-TV	(VHF)	3 TV
Buffalo, New York	WGR-TV	(VHF)	4 TV
	WGR	(AM)	8 AM
	WGRQ	(FM)	9 FM
Cincinnati, Ohio	WKRC-TV	(VHF)	4 TV
	WKRC	(AM)	9 AM
	WKRQ	(FM)	8 FM
Columbus, Ohio	WTVN-TV	(VHF)	3 TV
	WTVN	(AM)	6 AM
	WLVQ	(FM)	7 FM
Kansas City, Missouri	WDAF-TV	(VHF)	4 TV**
	WDAF	(AM)	11 AM
	KYYS	(FM)	10 FM
Philadelphia, Pennsylvania	WTAF-TV	(UHF)	6 TV
Pittsburgh, Pennsylvania	KQV	(AM)	17 AM
	WDVE	(FM)	13 FM
Tampa-St. Petersburg, Florida	WDAE***	(AM)	17 AM
	WYNF	(FM)	8 FM

*Source: Standard Rate and Data Service, for Radio; Broadcasting Yearbook—1979, for TV.

**Plus one religious station

***Acquired on April 2, 1979

On April 2, 1979, the Company completed its acquisition of radio station WDAE (AM) in Tampa-St. Petersburg, Florida from Rounsaville of Tampa, Inc. for a cash purchase price of $5.5 million. On June 9, 1978, the Company signed an agreement to acquire from Superior Tube Co. the stock of Channel 20, Inc., owner and operator of WDCA-TV in Washington, D.C. for $13.5 million payable over four years. WDCA-TV is the only commercial independent UHF station currently operating in Washington, D.C. The purchase is subject to approval from the Federal Communications Commission (see "Regulation"). WDCA-TV would be the Company's seventh television station, the maximum allowable under Federal Communications Commission rules.

Substantially all of the Company's broadcasting revenues come from the sale of advertising announcements and program time to local, national and regional advertisers, and from the networks as compensation for carrying network programs and commercials. The Company's Birmingham, Cincinnati and Columbus television stations are affiliated with the ABC network, and the Buffalo and Kansas City television stations are affiliated with the NBC network.

Competition

The Company's television and radio stations compete for revenues with other stations in their respective areas as well as with all other advertising media. The Company encounters competition from network-affiliated and independent broadcasters. Network programming constitutes a substantial portion of total programs broadcast for network affiliated television stations, and the Company's competitive position is directly affected by viewer acceptance of network programming. Because most radio programming originates locally, network affiliation has much less effect upon the station's competitive position within the market.

The Company's broadcast properties also compete for audience with other forms of home entertainment such as cable television, pay television systems of various kinds and home video and audio recorders which have the potential of providing improved signal reception or increased home entertainment selection. The Federal Communications Commission has recently proposed significant modifications of its rules applicable to cable television systems. The proposed rule changes would eliminate restrictions on the number of distant television signals which cable systems may carry and would eliminate the rules which presently require cable systems located within a thirty-five mile radius of the centers of the television markets in which the Company operates to protect, upon request, the syndicated program exclusivity of local programs in those markets. Adoption of the proposed rule changes may have some future adverse impact on the audience sizes of the Company's television stations. It is not possible at this time to predict the ultimate effect the proposed rule changes will have on the Company's revenues.

Regulation

The Company's television and radio broadcasting operations are subject to the jurisdiction of the Federal Communications Commission ("FCC") under the Communications Act of 1934, as amended ("the Act"). Among other things, FCC regulations govern issuance, term, renewal and transfer of licenses which are necessary for operation of television and radio stations. Upon application and in the absence of conflicting applications (which would require the FCC to hold a hearing) or adverse findings as to the licensee's qualifications, such licenses are renewed without hearing for the regular term of three years. Repre-

sentatives of special interest and minority groups have filed, and continue to file, petitions to deny renewal applications of various broadcast stations. Almost all such petitions have been dismissed or denied by the FCC. One group has challenged the Company's application to transfer the license of WDCA-TV to the Company and has filed a petition for reconsideration of the FCC's action granting the renewal of that license to its existing licensee. Another group which had filed an unrelated petition to deny the WDCA-TV renewal application has filed an appeal from the FCC's dismissal of its petition. Until these challenges have been resolved in favor of renewal and transfer, the Company cannot complete its acquisiton of WDCA-TV. The Company's legal counsel for FCC matters believe that the most likely outcome of these proceedings will be the affirmance of the renewal and the grant of the Company's transfer application, although neither result is assured.

On June 1, 1979, the Company filed with the FCC applications to renew the licenses of its six Ohio stations. These applications are currently pending and the Company has no reason to believe they will not be granted.

Under present regulations, the Company may acquire one additional UHF television station and one AM and one FM radio station and is prohibited from selling its radio and television stations in a single market to the same party. In addition, detailed regulation and supervision by the FCC over daily operations have the potential for affecting the profitability of the Company's broadcasting operations. As discussed earlier, the Company has pending before the FCC an application for the acquisition of one additional television station, WDCA-TV. If this station is acquired by the Company, under FCC regulations the Company will not be able to acquire any more television stations.

The statements set forth herein do not purport to be a complete statement of all of the provisions of the Act or of the Rules and Regulations promulgated thereunder. For a complete statement of such provisions, reference is made to the Act and to such Rules and Regulations.

Amusement Parks

The Company is involved in the management and ownership or co-ownership of three regional family-oriented amusement park complexes and one oceanarium park. The amusement park complexes are designed with several themed areas, each with special rides, retail shops, food service areas, live entertainment and other attractions. Sophisticated use of landscaping, architecture and costumed young employees are additional characteristics. The Company's ownership of the famous Hanna-Barbera cartoon characters is exploited in many ways through the parks.

With the exception of Hanna-Barbera's Marineland, the primary operation of the Company's amusement parks is seasonal in nature.

Kings Island, developed and wholly-owned by the Company, occupies approximately 370 acres of a 1,462 acre tract located about 20 miles northeast of Cincinnati on Interstate Highway 71. The park is open daily from Memorial Day through Labor Day and certain weekends in the Spring and Fall of the year. Various ancillary activities have been developed as part of the recreational complex and are described under "Other Business Activities."

Two other amusement park complexes are owned by Family Leisure Centers, Inc. ("Family Leisure"), a joint venture corporation of the Company and The Kroger Co. The Company has a 50% equity interest in Family Leisure, and has control over daily operational decisions.

Kings Dominion was the first park developed by Family Leisure. It is located on Interstate Highway 95, about 20 miles north of Richmond, Va. and 70 miles south of Washington, D.C. and is similar in size and design to Kings Island. The park is open daily from Memorial Day through Labor Day and certain weekends in the Spring and Fall of the year. Carowinds, a somewhat smaller park is located approximately 15 miles south of Charlotte, on Interstate Highway 77 astride the North Carolina/South Carolina state line. The park is open six days a week from mid-June through Labor Day and certain weekends and holidays in the Spring and Fall of the year.

Hanna-Barbera Marineland is a joint venture partnership between subsidiaries of the Company and The Kroger Co. The Company has a 50% equity interest in the partnership and has control over daily operational decisions. Hanna-Barbera's Marineland, situated on the Palos Verdes Peninsula near Los Angeles, California, occupies part of an 85 acre tract of prime coastal real estate which provides magnificent ocean vistas to visitors. The park consists of extensive outdoor facilities for presenting performances by trained marine mammals, live show performances and a number of specialized marine exhibits. It also has retail food and merchandise facilities. The park is open year-round.

On April 2, 1979, the Company signed an agreement with The Great-West Life Assurance Company ("Great-West") to build "Canada's Wonderland," a major themed amusement park and entertainment center similar in size and scope to Kings Island, at a cost of $105.8million (Canadian). The park will be located 20 miles north of Toronto on Highway 400. Family Leisure Centres of Canada, Ltd. which is 75% owned by the Company and 25% owned by Great-West will construct and operate the park under Taft direction. Construction will be financed in part by long-term loans from a group of prominent financial institutions. The Company will guarantee $18.75 million (Canadian) of the $47 million (Canadian) aggregate indebtedness which will be incurred.

Canada's Wonderland will be a seasonal park, operating for about 120 days a year, beginning in the Spring of 1981. There are no similar themed parks in Canada and the nearest comparable attractions are more than 350 miles away in the United States.

The number of parks which can be located on sites in the United States and Canada is limited in part by the proximity of large population areas, the presence of tourist traffic, site availability, the presence of competitive parks and other ventures competing for entertainment dollars and by the necessity for governmental approvals. There are amusement parks and other ventures competing for entertain-

ment dollars with Kings Island, Kings Dominion, Carowinds and Hanna-Barbera's Marineland.

The large majority of visitors to each theme park travel by private automobile. Consequently, Company management is closely monitoring all developments relating to energy matters. The effect of possible gasoline sales restrictions on each park facility will be dependent upon many factors, including the actual availability of gasoline, the distance of travel of a particular patron, the proximity of a particular park to a large population center, the possible choice of a park as a nearby vacation alternative and the type of restriction plan, if any, which might be adopted.

Television and Motion Picture Production and Distribution

The Company produces live and animated films for television, theatrical, educational and commercial use, and is active in the licensing and merchandising of animated and live characters and personalities, and in foreign and domestic distribution of television films. Most of such films are licensed initially to television networks. All such fields are highly competitive. In order to maintain its position as a major producer of programming, the Company must continue to develop show concepts, new characters and animated series acceptable to the public. If adopted, the proposed cable-TV legislation discussed in connection with Radio and Television "Competition" on page K-2 may impair the revenues generated by programs produced or distributed by the Company by eliminating its ability to guarantee exclusive rights to stations which purchase these programs.

In 1978, the Federal Trade Commission ("FTC") initiated rulemaking proceedings on television advertising to children. Since that time, the FTC has been holding fact-finding hearings on various FTC proposals to ban or restrict advertising to children.

The Company is a major supplier of children's animated television programming and the FTC proposals, if adopted, could have an adverse effect upon this aspect of the Company's business. The Company is unable to quantify the impact of any of these proposed advertising restrictions. In recent years the Company has taken steps to expand its television and motion picture production activities to include prime time live and animated family oriented programming and major productions for theatrical viewing. Accordingly, the Company's product base is becoming more diverse and less dependent on Saturday morning animation than it has been in the past.

A significant step in this direction took place on April 3, 1979 when the Company completed its acquisition for $3 million of an 81% equity interest in QM Productions ("QM") with an option to acquire the balance of equity ownership at a later date for $1.5 million. On the same date QM used this $3 million plus a $9 million bank financing to acquire substantially all of the assets of a predecessor company of the same name. The major asset acquired is a film library which contains over 1,000 prime time episodes for television including 18 one-hour series and 24 motion pictures. Among the series are "Barnaby Jones," "The Streets of San Francisco" and "The Fugitive." "Barnaby Jones" has recently been renewed by the CBS television network for prime time presentation for the 1979 Fall season. The QM acquisition also significantly enhances the Company's ongoing live film production capabilities. On March 23, 1979 the Company signed an agreement to acquire Worldvision Enterprises, Inc. ("Worldvision"), currently the world's largest privately-held television program distribution company. Under the terms of the agreement the Company will issue a maximum of 407,895 shares of Common Stock and 260,000 shares of a new Series A Cumulative Convertible Preferred Stock to the five present stockholders of Worldvision. The Preferred Stock will have a mandatory redemption price of $5.2 million and will be convertible into a maximum of 195,488 shares of Common Stock. The acquisition will be closed as soon as favorable tax rulings are received. Among the programs to which Worldvision currently has distribution rights are "Little House on the Prairie" (U.S. and foreign), "The Loveboat" (foreign) and "Holocaust" (U.S. and foreign).

The Company furnishes specially designed and equipped vehicles, together with trained personnel, for location filming of motion pictures for television and movie theaters. There is widespread competition in the field of equipment rental in all the areas in which the Company is engaged.

Other Business Activities

In the process of developing Kings Island into a recreational complex, the Company has entered into two partnerships with outside interests. One such partnership owns and operates the Kings Island Inn, a 290-room motor lodge contiguous to the amusement park. The other partnership, Kings Island Golf Company, has developed two 18-hole golf courses. The Company, through its wholly-owned land development affiliate, is presently developing and selling dwelling units on land surrounding the golf course. On land adjacent to Kings Island, the Company recently opened the College Football Hall of Fame (honoring outstanding college football players and coaches) which it manages for the National Football Foundation and Hall of Fame, Inc.

The Company owns 20% of the outstanding common stock of Kinder-Care Learning Centers, Inc. Kinder-Care is engaged in the operation of children's day care centers and at March 31, 1979 had in operation 316 centers in 27 states, 306 of which were operated by Kinder-Care and 10 by a franchisee.

Employees

The Company employs approximately 1,380 full-time employes and 3,400 part-time or seasonal employees.

ITEM 2.—SUMMARY OF OPERATIONS

The Summary of Operations and Dividends declared per share for the Company for the five years ended March 31, 1979, included as part of the Six Year Summary, and management's discussion thereof, set forth beginning on page 18 and ending on page 21 of the Company's Annual Report to Stockholders for the year ended March 31, 1979

are incorporated herein by reference. The Summary of Operations should be read in conjunction with the Consolidated Financial Statements of the Company presented on pages 23 through 32 of the Company's Annual Report to Stockholders for the year ended March 31, 1979, including the Summary of Significant Accounting Policies which describes the basis of determining earnings per share.

ITEM 3.—PROPERTIES

Television and Radio Broadcasting Properties

The Company owns its radio and television studios and buildings in Buffalo, Cincinnati, and Kansas City, its FM studios and offices in Tampa-St. Petersburg and its television studios and offices in Birmingham and Columbus. The Buffalo and Columbus television studio and office building properties are subject to 9% mortgage notes due in 1997 and 1998, respectively. The Company's radio studio and office space in Columbus and Pittsburgh, its AM studio and office space in Tampa-St. Petersburg and its television studio and office space in Philadelphia are occupied under leases. The Company owns its transmitter sites and the buildings and equipment located thereon, except in Buffalo where the radio transmission equipment is located on land under a lease expiring in 1980, in Philadelphia where the television transmission equipment is located on land under a lease expiring in 1996, in Pittsburgh where the FM transmission tower is located on land under a lease expiring in 1980, in Columbus where television equipment is located on land under a lease expiring in 1990 and in Tampa-St. Petersburg where the FM transmission facilities are leased under a five year lease with options to renew for two additional five year periods and the AM transmission facilities are located on land under a lease expiring in 2051.

Amusement Park Properties

The Company or affiliates own approximately 1,462 acres near Cincinnati, Ohio, on which are situated Kings Island, a campground, motel, golf course and residential development. The Company also owns approximately 150 acres of land on the Ohio River in Cincinnati, upon which Old Coney, a family recreational facility, is located.

Kings Dominion, near Richmond, Virginia, is situated on an approximately 1,358 acre site. Approximately 1,171 acres are owned by Family Leisure Centers, Inc., and 187 acres are leased. One parcel of 75 acres is leased through 1993 with a right of first refusal for an additional 10-year term. This parcel constitutes approximately three-fourths of the land on which a wildlife preserve is located. The remaining 112 leased acres are leased for a term of 50 years with an option to purchase at the expiration of the term. This land is the site for the basic structures of the amusement park area. Carowinds, near Charlotte, North Carolina, is situated on a 303 acre tract owned by Family Leisure Centers, Inc.

Family Leisure Centres of Canada, Ltd. is constructing Canada's Wonderland on a 370 acre site near Toronto, Ontario. Family Leisure Centres own 270 of these acres and 100 acres are held under a lease expiring in 2024, with options to purchase at various times during the terms of the lease commencing January 1, 1995. Many of the basic park structures will be built upon the leased land.

Hanna-Barbera Marineland owns approximately 85 acres along the coast of the Palos Verdes Peninsula near Los Angeles, California. Hanna-Barbera's Marineland occupies part of this site. The partnership also has a contract to purchase an additional 19 coastal acres adjacent to the site.

The Company and The Kroger Co. each own an undivided one-half interest in approximately 1,012 acres near Chicago.

Television and Motion Picture Production and Distribution Properties

The Company owns the land and principal buildings from which its Hanna-Barbera operations are conducted. On a portion of this land it recently completed construction of a production facility which is subject to a 9.49% mortgage due in 2009. Cinemobile Systems' and QM Productions' operations are conducted from various leased facilities.

ITEM 4.—PARENTS AND SUBSIDIARIES

The following is a list of certain of Taft's wholly-owned subsidiaries as of March 31, 1979.

1. **Hanna-Barbera Productions, Inc.,** a Delaware corporation. This subsidiary of Taft owns 100% of the outstanding stock of the following subsidiaries:
   a. **Hanna-Barbera Enterprises, Inc.,** a New York corporation
   b. **Taft, H-B Program Sales,** a California corporation
   c. **Taft, H-B International,** a Delaware corporation
   d. **Marineland H.B., Inc.,** a California corporation
2. **Cinemobile Systems, Inc.,** a California corporation
3. **Cine Guarantors, Inc.,** a California corporation
4. **The Sy Fischer Company, Inc.,** a Delaware corporation
5. **Solow Production Company,** a California corporation
6. **Taft Broadcasting Company of Pennsylvania, Inc.,** an Ohio corporation
7. **Kings Island Real Estate Co.,** an Ohio corporation

Family Leisure Centres of Canada, Ltd., a Canadian corporation, is 75% owned by Taft.

On April 3, 1979 the Company acquired an 81% equity interest in QM Productions, a California corporation.

The names of certain other subsidiaries have been omitted, which subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

All the above subsidiaries are, or in the case of QM Productions will be, included in the consolidated financial statements of the Registrant.

Taft has a 50% equity interest in Family Leisure Centers, Inc., a corporate joint venture incorporated in Ohio, and owns 20% of the common stock of Kinder-Care Learning Centers, Inc., a Delaware corporation. Through a subsidiary, Taft has a 50% equity interest in Hanna-Barbera Marineland, a partnership.

Taft has a 50% interest in Kings Island Inn, a partnership, and a 65% interest in Kings Island Golf Company, a partnership.

Cinemobile Systems, Inc., Cine Guarantors, Inc., and subsidiaries thereof have investments in various corporate joint ventures and partnerships.

The above corporate joint ventures and partnerships and the investment in Kinder-Care Learning Centers, Inc. are included on an equity basis in the consolidated financial statements of the Company.

Family Leisure Centers, Inc. is considered an unconsolidated subsidiary for purposes of this item, and separate financial statements have been included under Item 12(a). Financial statements for the other corporate joint ventures and partnerships are not filed because taken together they do not constitute a significant subsidiary.

ITEM 5.—PENDING LEGAL PROCEEDINGS

Various legal proceedings are pending against the Company or its subsidiaries. In the opinion of management of the Company, the final disposition of these proceedings will not involve recoveries against it in amounts which are material in relation to its consolidated financial position.

ITEM 6.—INCREASES AND DECREASES IN OUTSTANDING SECURITIES AND INDEBTEDNESS

Title of Class	Date of Transaction	Number of Shares	Description of Transaction
Common, $0.50 par value	4/5/78 to 6/22/78	5,400	Options exercised pursuant to the Company's 1974 Stock Option Plan. For full details of the Plan, see the Registration Statement relating to these shares filed with the Securities and Exchange Commission (Registration Number 2-51361).
	6/9/78	1,785	Options exercised pursuant to the Company's 1967 Stock Option Plan. For full details of the Plan, see the Registration Statement relating to these shares filed with the Securities and Exchange Commission (Registration Number 2-51361).
	8/14/78	4,048,141	100% stock dividend paid to stockholders of record on July 28, 1978 approved by the Board of Directors on April 27, 1978.
	8/15/78 to 3/12/79	54,886	Options exercised pursuant to the Company's 1974 Stock Option Plan described above.
	12/15/78	4,867	Issuance of stock bonuses pursuant to the Company's Stock Bonus Plan. For full details of the Plan, see the Registration Statement relating to these shares filed with the Securities and Exchange Commission (Registration Number 2-58635).
		4,115,079	
Shares outstanding 3/31/78		4,040,956	
Shares outstanding 3/31/79		8,156,035	

On December 13, 1978 the Company issued $20 million of 8¾% notes, due August 1, 1995 to three institutional investors pursuant to a loan agreement dated December 19, 1977. A portion of these proceeds have been and the balance will be invested in Family Leisure Centres of Canada, Ltd., the Company's seventy-five percent (75%) owned Canadian subsidiary. This transaction is more fully described in the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1978, which is incorporated herein by reference.

ITEM 7.—CHANGES IN SECURITIES AND CHANGES IN SECURITY FOR REGISTERED SECURITIES

Not applicable.

ITEM 8.—DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 9.—APPROXIMATE NUMBER OF EQUITY SECURITY HOLDERS—MARCH 31, 1979

Title of Class	Number of Record Holders
Common, $0.50 Par Value	7,788
Preferred, $20.00 Par Value	No shares issued
Warrants for Common, $0.50 Par Value	5

ITEM 10.—SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 11.—INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Restated Certificate of Incorporation of Taft provides: "The corporation shall indemnify any and all of its directors or officers or former directors or officers or any person who may have served at its request as a director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they, or any of them, are made parties, or a party, by reason of being or having been directors or officers or a director or officer of the corporation, or of such other corporation, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled, under any by-law, agreement, vote of stockholders, or otherwise."

In addition to these provisions covering indemnification of directors and officers, Taft has purchased a Director and Officer Liability and Corporate Reimbursement Policy from National Union Fire Insurance Company of Pittsburgh, Pennsylvania, which policy covers all elected and appointed directors and officers of the Company. Coverage is fixed at a $20 million limit for each occurrence and $20 million in the aggregate in any policy year. A deductible amount of $20,000 applies to each occurrence. In addition, there is self-insured's retention of 5% up to the first $1 million of each loss. Taft pays the entire premium for the policy.

ITEM 12.—FINANCIAL STATEMENTS, EXHIBITS FILED, AND REPORTS ON FORM 8-K

a) 1. Financial Statements

Attached hereto as pages S-1 through S-18 are certain financial statements, and supplementary notes and schedules of the Registrant and Family Leisure Centers, Inc., an unconsolidated joint venture corporation (including an index thereto). The financial statements of the Registrant appearing on pages 23 through 32 of the Registrant's Annual Report to Stockholders for the year ended March 31, 1979 (Exhibit 1) are incorporated herein by reference.

2. Exhibits

1. The Company's Annual Report to Stockholders for the fiscal year ended March 31, 1979 (furnished for the information of the Commission only except those portions thereof which are incorporated herein by reference under Items 1, 2 and 12(a) hereof).

The following Exhibits are not included in copies of the Form 10-K except those filed with the Securities and Exchange Commission. Copies of those Exhibits will be provided stockholders upon request.

2. A statement of earnings per share computations of the Registrant for the five years ended March 31, 1979.
3. Amendment to By-laws of Taft Broadcasting Company as adopted April 25, 1979.
4. Affiliation Agreement effective September 1, 1978 between American Broadcasting Company and the WBRC-TV Division of Taft Broadcasting Company and Amendment thereto dated October 2, 1978.
5. Affiliation Agreement effective September 1, 1978 between American Broadcasting Company and the WKRC-TV Division of Taft Broadcasting Company and Amendment thereto dated October 2, 1978.
6. Affiliation Agreement effective September 1, 1978 between American Broadcasting Company and the WTVN-TV Division of Taft Broadcasting Company and Amendment thereto dated October 2, 1978.
7. Amendement dated February 28, 1979 to Affiliation Agreement dated April 2, 1962, between National Broadcasting Company, Inc. and the WGR-TV division of Taft Broadcasting Company.
8. Amendment dated February 21, 1979 to Affiliation Agreement dated December 1, 1967 between National Broadcasting Company, Inc. and the WDAF-TV division of Taft Broadcasting Company.

b) The Company has filed no reports on Form 8-K during the quarter ended March 31, 1979.

EXECUTIVE OFFICERS OF THE REGISTRANT

Officer	Age
Charles S. Mechem, Jr.	
Chairman of the Board	48

For the past eleven years Mr. Mechem has served as the chief executive officer of the Company and he has served as Chairman of the Board for the past ten years.

Dudley S. Taft
President 39
Mr. Taft was elected President effective April 1, 1976 and he has been a director of the Company since 1967. He has served the Company in various executive capacities since October, 1967.

George E. Castrucci
Executive Vice President, Finance and Corporate Staff . 41
Mr. Castrucci was elected to this position effective October 25, 1978. He has been the chief financial officer of the Company since June 1, 1976. Prior to that, he had served the Company in various management capacities since 1964.

Ro D. Grignon
Executive Vice President, Television 50
Mr. Grignon was elected to this position effective July 25, 1978. He has served the Company in various capacities since 1964.

Carlyle J. Wagner
Executive Vice President, Radio 45
Mr. Wagner was elected to this position effective July 25, 1978. He has served the Company in various capacities since 1959.

Samuel T. Johnston
Executive Vice President, West Coast Group 54
Mr. Johnston was elected to this positon effective January 30, 1976. He has been a director of the Company since 1975. He has served the Company or its predecessors in various capacities since 1952.

Gary S. Wachs
Executive Vice President, Amusement Park Group 42
Mr. Wachs was elected Executive Vice President, Amusement Park Group, effective April 1, 1976. He has served the Company in various management positions since 1969.

Charles D. Lindberg
Secretary 50
Mr. Lindberg is a partner in the Cincinnati, Ohio, law firm of Taft, Stettinius & Hollister, which firm acts as the Company's general counsel. He was elected Secretary of the Company in July, 1973 and he is currently a nominee for election as director of the Company.

Verna M. Meyer
Treasurer and Assistant Secretary 50
Miss Meyer was elected to this position October 25, 1978. She has served the Company or its predecessors in various capacities since 1953.

PART II

Pursuant to Instruction H of the general instructions for the Form 10-K Report, the information required by Part II is omitted since the Registrant has filed with the Commission a definitive proxy statement pursuant to Regulation 14A since the close of the Registrant's fiscal year.

Signatures

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, Taft Broadcasting Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized

TAFT BROADCASTING COMPANY

By **Charles S. Mechem, Jr.**
Chairman of the Board June 19, 1979

TAFT BROADCASTING COMPANY
Index to Financial Statements and Additional Financial Data Filed

The March 31, 1979 and 1978 consolidated financial statements of Taft Broadcasting Company and subsidiaries, together with the report thereon of Peat, Marwick, Mitchell & Co., dated May 16, 1979 appear on pages 23 through 32 of the Company's Annual Report to Stockholders.

Page No.

ADDITIONAL FINANCIAL DATA
Taft Broadcasting Company and Subsidiaries, Consolidated:

Schedules Filed:

All other supplemental schedules are omitted because of the absence of conditions under which they are required or because the information is shown in the consolidated financial statements or notes thereto.

The financial statements and supporting schedules of the Registrant are omitted as the Registrant is primarily an operating company and all subsidiaries included in the consolidated financial statements do not have minority equity interest and/or indebtedness to any person other than the Registrant or its consolidated subsidiaries in amounts which together exceed 5% of total consolidated assets.

Family Leisure Centers, Inc. and Subsidiaries, unconsolidated joint venture corporation.

Page No.

Schedules Filed:

All other supplemental schedules are omitted because of the absence of conditions under which they are required or because the information is shown in the financial statements or notes thereto.

Accountants' Report on Supporting Schedules

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants

The Stockholders and Board of Directors
Taft Broadcasting Company:

Under date of May 16, 1979, we reported on the consolidated balance sheets of Taft Broadcasting Company and subsidiaries as of March 31, 1979 and 1978 and the related consolidated statements of earnings, stockholders' equity and changes in financial position for the respective years then ended, as contained in the annual report to stockholders for the year 1979. These financial statements and our report thereon are incorporated by reference in the annual report (Form 10-K) required to be filed by Taft Broadcasting Company under the Securities Exchange Act of 1934.

In connection with our examinations of the aforementioned consolidated financial statements we also examined the supporting schedules listed in the accompanying index. In our opinion, such schedules present fairly the information set forth therein.

Peat, Marwick, Mitchell & Co.

Cincinnati, Ohio
May 16, 1979

SUPPLEMENTAL INFORMATION TO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Replacement Cost Data (Unaudited)

Pursuant to Securities and Exchange Commission (SEC) Rule 3-17 of Regulation S-X, the Company is required to disclose certain information regarding estimated current replacement costs of its inventories and productive capacity. The SEC's purpose is to provide information to investors which will assist them in obtaining an understanding of the current costs of operating a business which cannot be obtained from historical cost financial statements taken alone, and to provide information which will enable investors to determine the current cost of inventories and productive capacity as a measure of the economic investment in these assets existing at the balance sheet date. Replacement costs do not represent the current market value of such assets, or the amount for which they may be sold. Further, the excess of estimated replacement costs over historical costs does not represent additional stockholders' equity.

The SEC is aware that it is requiring disclosure of data which cannot be calculated with precision, because estimates of current replacement costs must be made within the framework of each company's economic situation and because there are difficult and empirical judgments which must be made in the light of different specific factual circumstances in developing the data. Because of the many subjective assumptions used to generate this data, it will not be comparative to other companies' data, even those in the same industry.

In presenting the estimated current replacement cost data, hypothetical assumptions are made that the Company would replace all its inventory and productive capacity at the end of its fiscal year, that the economic resources would be available for such replacement, and the physical assets could be acquired and installed at that date. Management of the Company does not contemplate replacing assets in such a manner. When necessary, assets will be replaced in the normal course of business over a period of years. Any replacements will be based upon the factual situation at the time such replacements are made, which may differ significantly from the assumptions used to generate the estimated replacement cost data disclosed herein.

The Company expects that savings in maintenance and repairs could result from the instant replacement of its productive capacity, but cannot estimate the amount of such savings. Pricing decisions for the Amusement Park Group are influenced by new capital additions, however, it is unlikely that sufficient price adjustment could be obtained to offset the additional replacement cost depreciation for that Group. Pricing for the Broadcast and West Coast Groups is not directly related to the cost of new replacement assets. Replacement costs would have an effect on property taxes, insurance and other costs, and the various methods that could be utilized to finance such replacements would have an impact on results of operations. Therefore, the Company cautions against any simplistic use of this replacement cost data in analyzing its effects on the Company's operations and financial position.

Estimated current replacement cost data at March 31, 1979 and 1978, compared to historical cost data is as follows:

(In thousands of dollars)	March 31, 1979 Estimated Replacement Cost Data	March 31, 1979 Historical Cost Data	March 31, 1978 Estimated Replacement Cost Data	March 31, 1978 Historical Cost Data
Property and equipment:				
Land and improvements	$ 21,521	20,050	12,575	11,620
Buildings	73,758	45,723	65,562	39,811
Operating and other equipment	108,354	62,659	90,820	57,953
Leasehold improvements	1,311	862	952	940
Installations in progress	13,232	13,232	4,802	4,802
Total cost	218,176	142,526	174,711	115,126
Less accumulated depreciation	91,783	51,957	76,960	45,890
Net property and equipment	$126,393	90,569	97,751	69,236
Depreciation expense	$ 11,340	7,478	9,674	6,957
Television and feature films current and noncurrent, at amoritized cost	$ 52,892	52,892	40,668	40,668
Amortization expense	$ 24,982	24,982	20,848	20,848

Included in prepaid expenses and miscellaneous current assets at March 31, 1979 and 1978 in the Consolidated Balance Sheets is merchandise and food inventories of the Amusement Park Group and land and residential development costs aggregating $2,931,000 and $2,481,000 respectively. Included in operating costs and expenses for the years ended March 31, 1979 and 1978 in the Consolidated

Statements of Earnings is cost of sales of $7,116,000 and $5,532,000, respectively, related thereto. Such inventories and cost of sales amounts are not material and historical costs and costs of sales are substantially identical to the replacement cost data.

The following paragraphs describe the methodology used to calculate the estimated replacement cost of property and equipment in service at March 31, 1979 and 1978.

Broadcasting equipment and buildings (33% of total replacement cost of property and equipment at March 31, 1979):

The estimated replacement cost of broadcasting towers was based on suppliers' current estimate of cost and erection. Other broadcasting equipment was based on a functional approach to replacement, using manufacturers' price lists and other appropriate sources to estimate the replacement cost. Office buildings, studios and transmitter buildings were based on the estimated cost per square foot for the appropriate space required.

Amusement park rides and devices, and buildings (47% of total replacement cost of property and equipment at March 31, 1979):

The Company generally assumed that these assets would be replaced in kind or with similar assets. Estimated replacement costs were based on current estimates to acquire, deliver and construct those assets, including estimates for designing the show and decor elements, and capitalized interest. Assets that would not be replaced, which are immaterial, are reflected at historical amounts. Amusement park replacement cost does not include the unconsolidated affiliates. Family Leisure Centers, Inc. replacement cost data is disclosed on Pages S-16 and S-17.

Motion Picture Production and Distribution property and equipment, and all furniture and fixtures, motor vehicles, corporate office facilities, land improvements and leasehold improvements (8% of total replacement cost of property and equipment at March 31, 1979):

Estimated replacement costs of these assets were based upon indexes, current estimates of acquisition and other appropriate methods.

Land and installations in progress (12% of total replacement costs of property and equipment at March 31, 1979):

These assets are reflected at historical cost as land will not be consumed in the ordinary course of business and installations in progress reflects current replacement costs.

Estimated replacement cost accumulated depreciation of property and equipment was calculated by computing indexes (either for appropriate classes of assets or for individual assets) based on the relationship of historical cost to historical accumulated depreciation. These indexes were applied to estimated replacement costs to determine replacement cost accumulated depreciation.

Estimated replacement cost depreciation expense for the fiscal year was calculated using historical lives and straight-line method. Although accelerated methods of depreciation are used for certain assets for financial reporting purposes, the SEC requires the use of the straight-line method for replacement cost reporting purposes.

Television and feature films estimated replacement cost data is the same as historical cost data as the SEC has determined that they are unique assets and it is not possible to reasonably estimate their current replacement cost.

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

SCHEDULE II

Amounts Receivable from Directors

Years ended March 31, 1979 and 1978

Column A	Column B	Column C	Column D		Column E	
			Deductions		Balance March 31, 1979	
	Balance		(1)	(2)	(1)	(2)
Name of debtor	March 31, 1977 and 1978	Additions	Amounts collected	Amounts written off	Current	Not current
Lawrence H. Rogers II (Note)	$49,000	—	6,000	—	—	43,000

Note—The note, due on or before October 1, 1980, bears interest at a variable rate equal to one-half of prime (interest rate of 5.875% at March 31, 1979 and 4% at March 31, 1978). Effective July 12, 1977, Mr. Rogers resigned as a director of the Company.

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

Investments in, Indebtedness of, and Equity in Earnings of Affiliates

Years ended March 31, 1979 and 1978

Column A	Column B		
	Balance at beginning of period		
Name of issuer and Description of investment	Number of shares or principal amount of notes		Amount
Year ended March 31, 1979:			
Family Leisure Centers, Inc.			
Investment	50 shs.	50%	$31,350,033
Deferred intercompany interest	$(119,035)	—	(119,035)
Hanna-Barbera Marineland, a partnership	—	50%	3,609,800
Land and other assets held jointly with The Kroger Co.	—	50%	2,525,746
Other unconsolidated affiliates	—	16⅔%-65%	2,055,458
Total investments in and advances to partnerships, and corporate joint ventures	—	—	39,422,002
Other	—	—	5,189,162
Total investments in and advances to partnerships, corporate joint ventures and others	—	—	$44,611,164
Year ended March 31, 1978:			
Family Leisure Centers, Inc.			
Investment	50 shs.	50%	$15,886,732
Deferred intercompany interest	$(127,605)	—	(127,605)
Land and other assets held jointly with The Kroger Co.	—	50%	4,725,746
Other unconsolidated affiliates	—	16⅔%-65%	2,227,627
Total investments in and advances to partnerships, corporate joint ventures	—	—	22,712,500
Other	—	—	—
Total investments in and advances to partnerships, corporate joint ventures and others	—	—	$22,712,500

Notes:

(A) Represents additional capital contributions.

(B) During the year the Company wrote off certain concept and development costs and capitalized interest associated with a proposed theme amusement park near Chicago, Illinois.

(C) During the year a Company subsidiary entered into a partnership which purchased certain assets of Marineland of the Pacific, and the Company made additio capital contributions to that partnership and other affiliates.

(D) During the year the Company purchased a 20% interest in Kinder-Care Learning Centers, Inc. and made advances to the National Football Foundation relating to construction of the College Football Hall of Fame.

SCHEDULE III AND SCHEDULE IV

Column C		Column D	Column E		
Additions			Balance at end of period		
Equity taken up in earnings (losses) for the period	Other	Deductions	Number of shares or principal amount of notes		Amount
(113,596)	—	—	50 shs.	50%	31,236,437
5,433	—	—	$(113,602)	—	(113,602)
(177,415)	2,275,000(A)	—	—	50%	5,707,385
—	—	63,842	—	50%	2,461,904
(121,867)	780,433(A)	179,724	—	16⅔%-65%	2,534,300
(407,445)	3,055,433	243,566	—	—	41,826,424
292,663	1,750,000(A)	325,072	—	—	6,906,753
(114,782)	4,805,433	568,638	—	—	48,733,177
463,301	15,000,000(A)	—	50 shs.	50%	31,350,033
8,570	—	—	$(119,035)	—	(119,035)
—	—	2,200,000(B)	—	50%	2,525,746
(606,288)	4,273,919(C)	230,000	—	16⅔%-65%	5,665,258
(134,417)	19,273,919	2,430,000	—	—	39,422,002
70,132	5,138,110(D)	19,080	—	—	5,189,162
(64,285)	24,412,029	2,449,080	—	—	44,611,164

TAFT BROADCASTING COMPANY AND SUBSIDIARIES — SCHEDULE V

Property and Equipment

Years ended March 31, 1979 and 1978

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes— add (deduct) transfers	Balance at end of period
Year ended March 31, 1979:					
Land and improvements	$ 11,619,621	7,260,670	129,010	1,298,547	20,049,828
Buildings	39,811,144	4,163,801	84,760	1,833,050	45,723,235
Operating and other equipment	57,953,239	3,803,508	1,413,087	2,315,761	62,659,421
Leasehold improvements	939,403	13,346	90,909	—	861,840
Installations in progress	4,802,476	13,969,207	92,219	(5,447,358)	13,232,106
Total	$115,125,883	29,210,532	1,809,985	—	142,526,430
Year ended March 31, 1978:					
Land and improvements	$ 10,864,739	295,205	—	459,677	11,619,621
Buildings	36,786,032	458,439	400	2,567,073	39,811,144
Operating and other equipment	53,628,257	4,135,113	2,306,831	2,496,700	57,953,239
Leasehold improvements	907,753	14,571	—	17,079	939,403
Installations in progress	3,507,083	6,878,531	—	(5,583,138)	4,802,476
Total	$105,693,864	11,781,859	2,307,231	(42,609)(A)	115,125,883

Note—
(A) Land transferred to other balance sheet accounts.

TAFT BROADCASTING COMPANY AND SUBSIDIARIES — SCHEDULE VI

Accumulated Depreciation of Property and Equipment

Years ended March 31, 1979 and 1978

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes—add (deduct)	Balance at end of period
Year ended March 31, 1979:					
Land improvements	$ 815,927	285,668	81,623	724	1,020,696
Buildings	14,481,912	2,468,677	84,763	38,950	16,904,776
Operating and other equipment	30,077,295	4,633,628	1,303,471	110,188	33,517,640
Leasehold improvements	514,592	89,580	90,908	845	514,109
Total	$45,889,726	7,477,553	1,560,765	150,707(A)	51,957,221
Year ended March 31, 1978:					
Land improvements	$ 604,314	211,613	—	—	815,927
Buildings	12,138,281	2,319,250	273	24,654	14,481,912
Operating and other equipment	27,439,717	4,335,899	1,759,066	60,745	30,077,295
Leasehold improvements	404,037	90,039	—	20,516	514,592
Total	$40,586,349	6,956,801	1,759,339	105,915(A)	45,889,726

Note—
(A) Depreciation charged to other accounts.

TAFT BROADCASTING COMPANY AND SUBSIDIARIES **SCHEDULE VII**

Intangible Assets

Years ended March 31, 1979 and 1978

Column A	Column B	Column C	Column D		Column E	Column F
			Deductions			
Description	Balance at beginning of period	Additions at cost	(1) Charged to costs and expenses	(2) Charged to other accounts—describe	Other changes—add (deduct)	Balance at end of period
Year ended March 31, 1979:						
Contracts, broadcasting licenses and goodwill	$35,367,239	1,848,940	112,566	—	—	37,103,613
Year ended March 31, 1978:						
Contracts, broadcasting licenses and goodwill	$36,293,943	—	179,627	—	(747,077)(A)	35,367,239

Notes:

(A) Represents investment tax credit refund of a subsidiary relating to years prior to acquisition (see note 2 to Consolidated Financial Statements).

(B) Deferred research and development expenses, pre-operating expenses and similar deferrals are omitted because they are immaterial.

TAFT BROADCASTING COMPANY AND SUBSIDIARIES **SCHEDULE XII**

Valuation and Qualifying Accounts and Reserves

Years ended March 31, 1979 and 1978

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at beginning of period	(1) Charged to costs and expenses	(2) Charged to other accounts—describe	Deductions	Balance at end of period
Year ended March 31, 1979:					
Reserve which is deducted from asset in the balance sheet—allowance for doubtful accounts	$1,129,826	1,418,512	57,473(A)	1,204,028(B)	1,401,783
Year ended March 31, 1978:					
Reserve which is deducted from asset in the balance sheet—allowance for doubtful accounts	$ 878,118	983,946	177,822(A)	910,060(B)	1,129,826

Notes:

(A) Recoveries on accounts previously written off.

(B) Write-offs of uncollectible accounts.

TAFT BROADCASTING COMPANY AND SUBSIDIARIES

SCHEDULE XVI

Supplementary Income Statement Information

Years ended March 31, 1979 and 1978

Column A	Column B
Item	Charged to costs and expenses
Year ended March 31, 1979:	
Maintenance and repairs	$1,543,597
Depreciation of property and equipment	$7,477,553
Taxes, other than income taxes:	
Payroll	1,970,245
Other	1,278,145
	$3,248,390
Advertising costs	$4,636,772
Year ended March 31, 1978:	
Maintenance and repairs	$1,177,895
Depreciation of property and equipment	$6,956,801
Taxes, other than income taxes:	
Payroll	1,806,056
Other	1,191,925
	$2,997,981
Advertising costs	$3,353,312

Note—Amortization of intangible assets, rents, royalties, and research and development cost amount to less than one percent of net revenues.

Accountants' Report

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants

The Board of Directors
Family Leisure Centers, Inc.:

We have examined the consolidated balance sheets of Family Leisure Centers, Inc., and subsidiaries as of March 31, 1979 and 1978, and the related consolidated statements of earnings and retained earnings and changes in financial position and Schedules V—Property and Equipment and VI—Accumulated Depreciation of Property and Equipment for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Family Leisure Centers, Inc., and subsidiaries at March 31, 1979 and 1978 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis; and the supporting schedules, in our opinion, present fairly the information set forth therein.

Peat, Marwick, Mitchell & Co.

Cincinnati, Ohio
May 16, 1979

FAMILY LEISURE CENTERS, INC., AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 1979 and 1978

ASSETS	1979	1978
Current assets:		
Cash	$ 246,349	$ 73,687
Receivables, including $90,574 and $32,024 due from affiliates	277,884	86,177
Inventories	2,078,997	1,790,295
Prepaid expenses	1,382,868	1,887,508
Total current assets	3,986,098	3,837,667
Property and equipment, at cost (Note 2):		
Land and improvements	24,862,335	28,963,230
Buildings	7,547,843	7,474,660
Rides and amusement structures	58,805,508	56,783,001
Other equipment and facilities	4,017,666	3,438,994
Installations in progress (Cost to complete approximately $2,100,000 in 1979)	10,514,267	4,710,855
	105,747,619	101,370,740
Less accumulated depreciation	21,916,941	16,510,593
Net property and equipment	83,830,678	84,860,147
Deferred charges, at cost less accumulated amortization	664,554	1,013,103
Other assets, at cost	1,040,096	853,366
	$ 89,521,426	$ 90,564,283

LIABILITIES AND STOCKHOLDERS' EQUITY	1979	1978
Current liabilities:		
Notes payable to banks (Note 2)	$ 15,750,000	$ 14,500,000
Long-term debt, current portion (Note 2)	183,296	585,807
Accounts payable	1,545,542	1,682,576
Income taxes (Note 3)	—	216,332
Accrued interest, including $452,183 and $327,226 due stockholder	671,623	495,373
Other accrued expenses	534,916	505,732
Deferred revenue	520,135	271,358
Total current liabilities	19,205,512	18,257,178
Long-term debt, less current portion (Note 2)	7,698,047	9,296,047
Deferred income taxes (Note 3)	145,000	311,000
Commitments (Note 5).		
Stockholders' equity (Note 4):		
Common Stock, par value $1 per share: authorized and issued 100 shares	100	100
Additional paid-in capital	60,863,355	60,863,355
Retained earnings	1,609,412	1,836,603
Total stockholders' equity	62,472,867	62,700,058
	$ 89,521,426	$ 90,564,283

See accompanying notes to consolidated financial statements.

FAMILY LEISURE CENTERS, INC., AND SUBSIDIARIES

Consolidated Statements of Earnings and Retained Earnings

Years ended March 31, 1979 and 1978

	1979	1978
Net revenues	$36,730,692	$37,140,692
Operating costs and expenses:		
Cost of goods sold	5,083,414	4,538,924
Operating expenses	18,343,238	16,231,170
General and administrative expenses	5,914,854	6,132,153
Depreciation	5,939,051	5,701,633
Total operating costs and expenses	35,280,557	32,603,880
Operating profit	1,450,135	4,536,812
Other deductions (income) net:		
Interest expense, net of interest capitalized of $551,416 and $177,872 (Note 2)	1,588,014	3,322,617
Other, net	106,312	(73,400)
Total other	1,694,326	3,249,217
Earnings (loss) before income taxes	(244,191)	1,287,595
Income taxes (benefit) (Note 3)	(17,000)	361,000
Net earnings (loss)	(227,191)	926,595
Retained earnings at beginning of year	1,836,603	910,008
Retained earnings at end of year	$ 1,609,412	$ 1,836,603

See accompanying notes to consolidated financial statements.

FAMILY LEISURE CENTERS, INC., AND SUBSIDIARIES
Consolidated Statements of Changes in Financial Position
Years ended March 31, 1979 and 1978

	1979	1978
Sources of working capital:		
Net earnings (loss)	$ (227,191)	$ 926,595
Charges (credits) to earnings not requiring (providing) working capital:		
Depreciation	5,939,051	5,701,633
Amortization	487,024	487,024
Deferred income taxes (Note 3)	(166,000)	(44,000)
Other, net	182,047	85,913
Funds derived from operations	6,214,931	7,157,165
Sale of Canadian subsidiary (Note 6)	3,241,395	—
Capital contributed by stockholders	—	30,000,000
Other	140,665	—
Decrease in working capital	799,903	—
	$10,396,894	$37,157,165
Uses of working capital:		
Additions to property and equipment, net	10,148,894	7,822,168
Reduction in long-term debt	248,000	16,885,919
Other	—	34,646
Increase in working capital	—	12,414,432
	$10,396,894	$37,157,165
Changes in working capital:		
Increase (decrease) in current assets:		
Cash	172,662	(703,553)
Receivables	191,707	(136,966)
Inventories	288,702	140,526
Prepaid expenses	(504,640)	763,499
	148,431	63,506
(Increase) decrease in current liabilities:		
Notes payable to banks	(1,250,000)	(2,500,000)
Long-term debt, current portion	402,511	15,296,850
Accounts payable	137,034	(312,982)
Accrued expenses	10,898	54,907
Deferred revenue	(248,777)	(187,849)
	(948,334)	12,350,926
Increase (decrease) in working capital	$ (799,903)	$12,414,432

See accompanying notes to consolidated financial statements.

FAMILY LEISURE CENTERS, INC., AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 1979 and 1978

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Organization

The Company is a corporate joint venture owned equally by Taft Broadcasting Company and The Kroger Co. Amusement parks presently represent the Company's only industry segment.

(B) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts have been eliminated.

(C) Inventories

Inventories for resale are stated at the lower of cost (first-in, first-out) or market.

(D) Property and equipment

All costs incident to acquisition of property and equipment are capitalized, including interest and property taxes during construction, to properly reflect the cost of the asset. Property and equipment are depreciated using composite rates and the straight-line method over their estimated useful lives as follows:

Land improvements	10 to 45 years
Buildings	25 years
Rides and amusement structures	15 years
Other equipment and facilities	3 to 10 years

Ordinary maintenance, repairs and minor renewals are charged to earnings as incurred. Betterments and major replacements are capitalized. On normal retirements or disposals, the cost is removed from the property account and the same amount plus cost of removal and less salvage value is charged to accumulated depreciation. No gain or loss is recognized. For abnormal or unusual retirements or disposals, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is reflected in the Consolidated Statement of Earnings.

(E) Deferred pre-opening expenses

In connection with the planning of new amusement parks, payroll, promotion, supplies and similar expenditures not associated with construction costs are deferred. Such expenditures are amortized over five years.

(F) Income taxes

Deferred income taxes are provided for timing differences. Investment tax credits are recognized as a reduction of Federal income tax using the "flow-through" method when realized.

(2) NOTES PAYABLE AND LONG-TERM DEBT

At March 31, 1979 and 1978, the Company had short-term line of credit arrangements aggregating $16,500,000, of which $15,750,000 and $14,500,000 had been borrowed at those dates. The interest rates are at prime. The Company must maintain average compensating balances of 20% of borrowings, plus 10% of any unused lines.

The maximum amount of borrowings during the year ended March 31, 1979, under short-term line of credit arrangements was $15,750,000 and the approximate average aggregate short-term borrowings outstanding during the year was $11,100,000. The approximate weighted average interest rate was 10.4% for the year (calculated using the actual interest cost on short-term loans divided by average short-term debt outstanding). The maximum amount of borrowings during the year ended March 31, 1978, under short-term line of credit arrangements was $14,500,000 and the approximate average aggregate short-term borrowings outstanding during the year was $8,700,000. The approximate weighted average interest rate was 7.5% for the year.

Long-term debt is summarized as follows:

	Year Ended March 31, 1979	1978
Subordinated loan from The Kroger Co. repayable at various dates through 1991 at varying interest rates from prime plus 1% in 1978, to prime plus 4½% in 1988	**$7,500,000**	$7,500,000
Other obligations (original amount $447,500 and $3,800,000 respectively) including capitalized leases, payable at various dates through 1982, with interest rates ranging from 6% to 12%	**381,343**	2,381,854
	7,881,343	9,881,854
Less current portion	**183,296**	585,807
	$7,698,047	$9,296,047

Maturities of long-term debt, excluding the subordinated loan, for the two years succeeding March 31, 1980, are approximately as follows:

Year	Amount
1981	$144,047
1982	54,000

In addition, payments are due on the subordinated loan equal to 75% of the Company's cash flow from operations (as defined), provided the Company's net working capital is at least $2,000,000. No principal payments have been made or are payable at March 31, 1979.

Interest on long-term debt was $848,000 and $2,558,000 for 1979 and 1978, respectively, of which approximately $800,300 and $613,000, respectively, was paid to The Kroger Co.

Interest capitalized in 1979 relates to the development of an amusement park in the Toronto, Canada area (prior to the sale of the Canadian subsidiary) and the construction of a major attraction which will require in excess of one year to complete. Had the Company followed the practice of expensing interest during construction periods, the net effect on net earnings would have been an increase in the 1979 loss of approximately $204,000. Interest capitalized in 1978 related to the development of an amusement park in the Toronto, Canada area. The net effect on 1978 was not material.

(3) INCOME TAXES

The details of the income tax provisions are as follows:

	Year Ended March 31, 1979	1978
Current:		
Federal	$ —	$318,000
State	—	87,000
Deferred:		
Federal	(13,500)	(34,000)
State	(3,500)	(10,000)
	$ (17,000)	$361,000

The components of the deferred income taxes are as follows:

	Year Ended March 31, 1979	1978
Deferred charges	$ 30,100	$ (44,000)
Investment credit	13,500	74,000
Accelerated depreciation methods	(60,600)	(74,000)
	$ (17,000)	$ (44,000)

The reasons for the difference between total income tax expenses and the amount computed by applying the statutory Federal income tax rate to earnings before income taxes are as follows:

	Year Ended March 31, 1979	1978
Computed expected tax expense	$(117,200)	$618,000
Capital losses not deductible	87,400	—
Benefit of surtax exemption	—	(13,000)
Investment tax credit	13,500	(302,000)
State income taxes	(2,600)	41,000
Other	1,900	17,000
	$ (17,000)	$361,000

It is estimated at March 31, 1979, that the remaining unused investment tax credit amounts to $4,600,000. The credits can be carried forward to future years, and expire on various dates to March 31, 1986, if unused. The Company's prior years tax returns are currently under examination by the Internal Revenue Service (IRS). Among other issues, the IRS is questioning the amount of the investment tax credits claimed by the Company. To the extent that the IRS is successful in reducing the amount of investment tax credit claimed by the Company, this carryforward will be reduced. However, any reduction will not otherwise affect the accompanying financial statements.

The Company does not expect the cash outlay for income taxes with respect to the succeeding three years to substantially exceed the income tax expense for any such year.

(4) STOCKHOLDERS' EQUITY

The Company has two classes of common stock. The Class A Common Stock is entitled to one vote for each share held. The Class B Common Stock has all the rights and obligations of Class A, except that it is only entitled to vote under certain circumstances. Taft Broadcasting Company owns fifty shares of Class A Common Stock and The Kroger Co. owns forty-nine shares of Class A Common Stock and one share of Class B Common Stock.

(5) COMMITMENTS

In return for water and sewage services, the Company is committed to pay debt service cost on approximately $1,100,000, representing 25% of bonds issued by a political subdivision, and to pay one-fourth of the operating and maintenance costs of the water and sewage facility through 2000.

The Company has certain lease agreements including leases for part of the land on which the Kings Dominion Amusement Park is built. The future minimum rental commitments are not material. The Company is generally responsible for the cost of taxes, insurance and maintenance.

The Company has no other significant leases and all significant financing leases have been capitalized. Rental expense for the years ended March 31, 1979 and 1978, amounted to approximately $280,000.

(6) FAMILY LEISURE CENTRES OF CANADA LIMITED

The Company's wholly-owned subsidiary, Family Leisure Centres of Canada Limited, was sold to Taft Broadcasting Company for $3,241,000 cash on November 17, 1978. Since its inception Family Leisure Centres of Canada Limited has had no operations except for the acquisition of land and related development costs for a themed amusement park in Canada.

(7) SERVICES BY AFFILIATES

The Company utilizes certain personnel and facilities of the Taft Broadcasting Company Amusement Park Group for services related primarily to data processing, artistic production and general management. Charges for these services are made by Taft to the Company at cost. These costs are shared with Taft on the basis of usage.

(8) SUPPLEMENTAL STATEMENT OF EARNINGS INFORMATION

	Year Ended March 31, 1979	1978
Maintenance and repairs	$ 508,000	$ 466,000
Taxes, other than income taxes:		
Payroll	805,000	780,000
Other	492,000	450,000
Advertising	2,567,000	2,363,000

Amounts for royalties and research and development costs are not presented as such amounts are less than 1% of net revenues.

(9) PENSION PLAN

The Company maintains a pension plan covering all eligible employees. Pension costs are funded as they accrue. At March 31, 1978, the date of the latest actuarial valuation, there were no vested benefits. The unfunded past service liability was approximately $378,000. Pension expense for the year amounted to approximately $139,000.

(10) REPLACEMENT COST DATA (Unaudited)

Pursuant to Securities and Exchange Commission (SEC) Rule 3-17 of Regulation S-X, the Company is required to disclose certain information regarding estimated current replacement costs of its inventories and productive capacity. The SEC's purpose is to provide information to investors which will assist them in obtaining an understanding of the current costs of operating a business which

cannot be obtained from historical cost financial statements taken alone, and to provide information which will enable investors to determine the current cost of inventories and productive capacity as a measure of the economic investment in these assets existing at the balance sheet date. Replacement costs do not represent the current market value of such assets, or the amount for which they may be sold. Further, the excess of estimated replacement costs over historical costs does not represent additional stockholders' equity.

The SEC is aware that it is requiring disclosure of data which cannot be calculated with precision, because estimates of current replacement costs must be made within the framework of each company's economic situation and because there are difficult and empirical judgments which must be made in the light of different specific factual circumstances in developing the data. Because of the many subjective assumptions used to generate this data, it will not be comparative to other companies' data, even those in the same industry.

In presenting the estimated current replacement cost data, hypothetical assumptions are made that the Company would replace all its inventory and productive capacity at the end of its fiscal year, that the economic resources would be available for such replacement, and the physical assets could be acquired and installed at that date. Management of the Company does not contemplate replacing assets in such a manner. When necessary, assets will be replaced in the normal course of business over a period of years. Any replacements will be based upon the factual situation at the time such replacements are made, which may differ significantly from the assumptions used to generate the estimated replacement cost data disclosed herein.

The Company expects that savings in maintenance and repairs could result from the instant replacement of its productive capacity, but cannot estimate the amount of such savings. Pricing decisions are influenced by new capital additions, however, it is unlikely that sufficient price adjustment could be obtained to offset the additional replacement cost depreciation. Replacement costs would have an effect on property taxes, insurance and other costs, and the various methods that could be utilized to finance such replacements would have an impact on results of operations. Therefore, the Company cautions against any simplistic use of this replacement cost data in analyzing its effects on the Company's operations and financial position.

Estimated current replacement cost data at March 31, 1979 and 1978, compared to historical cost data is as follows:

(In thousands of dollars)	March 31, 1979		March 31, 1978	
	Estimated Replacement Cost Data	**Historical Cost Data**	Estimated Replacement Cost Data	Historical Cost Data
Property and equipment:				
Land and improvements	$ 33,761	24,862	36,268	28,963
Buildings	9,263	7,548	8,454	7,475
Operating and other equipment	7,839	4,018	6,692	3,439
Rides and amusement devices	83,992	58,806	75,607	56,783
Installations in progress	10,514	10,514	4,711	4,711
Total cost	145,369	105,748	131,732	101,371
Less accumulated depreciation	31,982	21,917	22,724	16,511
Net property and equipment	$113,387	83,831	109,008	84,860
Depreciation expense	$ 8,674	5,939	7,893	5,702

Inventories and costs of sales are substantially identical to the replacement cost data.

The following paragraphs describe the methodology used to calculate the estimated replacement cost of property and equipment in service at March 31, 1979 and 1978.

Amusement park rides and devices, and buildings (64% of total replacement cost of property and equipment at March 31, 1979):

The Company generally assumed that these assets would be replaced in kind or with similar assets. Estimated replacement costs were based on current estimates to acquire, deliver and construct those assets, including estimates for designing the show and decor elements, and capitalized interest. Assets that would not be replaced, which are immaterial, are reflected at historical amounts.

Land and installations in progress (11% of total replacement cost of property and equipment at March 31, 1979):

These assets are reflected at historical cost as land will not be consumed in the ordinary course of business and installations in progress reflects current replacement costs.

Land improvements and other equipment (25% of total replacement cost of property and equipment at March 31, 1979):

Estimated replacement costs of these assets were based upon indexes, current estimates of acquisition and other appropriate methods.

Estimated replacement cost accumulated depreciation of property and equipment was calculated by computing indexes (either for appropriate classes of assets or for individual assets) based on the relationship of historical cost to historical accumulated depreciation. These indexes were applied to estimated replacement costs to determine replacement cost accumulated depreciation.

Estimated replacement cost depreciation expense for the fiscal year was calculated using historical lives and the straightline method.

FAMILY LEISURE CENTERS, INC., AND SUBSIDIARIES **SCHEDULE V**

Property and Equipment

Years ended March 31, 1979 and 1978

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes—add (deduct)—describe—Note	Balance at end of period
Year ended March 31, 1979:					
Land and improvements	$ 28,963,230	188,993	—	(4,289,888)	24,862,335
Buildings	7,474,660	2,405	—	70,778	7,547,843
Rides and amusement structures	56,783,001	44,636	415,847	2,393,718	58,805,508
Other equipment and facilities	3,438,994	8,106	54,750	625,316	4,017,666
Installations in progress	4,710,855	9,972,841	—	(4,169,429)	10,514,267
Total	$101,370,740	10,216,981	470,597	(5,369,505)	105,747,619
Year ended March 31, 1978:					
Land and improvements	28,121,742	774,376	19,283	86,395	28,963,230
Buildings	7,240,291	9,286	—	225,083	7,474,660
Rides and amusement structures	52,551,470	72,066	40,554	4,200,019	56,783,001
Other equipment and facilities	2,857,461	188,145	72,159	465,547	3,438,994
Installations in progress	2,820,424	6,867,475	—	(4,977,044)	4,710,855
Total	$ 93,591,388	7,911,348	131,996	—	101,370,740

Note—Other changes are transfers of completed facilities from installations in progress, transfers to other balance sheet accounts, and sale of Canadian subsidiary.

FAMILY LEISURE CENTERS, INC., AND SUBSIDIARIES **SCHEDULE VI**

Accumulated Depreciation of Property and Equipment

Years ended March 31, 1979 and 1978

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at beginning of period	Additions charged to cost and expenses	Retirements	Other changes—add (deduct)—describe—Note	Balance at end of period
Year ended March 31, 1979:					
Land improvements	$ 3,527,008	1,168,057	—	—	4,695,065
Buildings	987,343	308,661	—	—	1,296,004
Rides and amusement structures	10,672,449	3,977,694	386,407	(133,893)	14,129,843
Other equipment and facilities	1,323,793	484,639	16,103	3,700	1,796,029
Total	$16,510,593	5,939,051	402,510	(130,193)	21,916,941
Year ended March 31, 1978:					
Land improvements	2,413,400	1,113,608	—	—	3,527,008
Buildings	686,786	300,557	—	—	987,343
Rides and amusement structures	6,790,029	3,884,634	2,214	—	10,672,449
Other equipment and facilities	961,561	402,834	40,602	—	1,323,793
Total	$10,851,776	5,701,633	42,816	—	16,510,593

Note—Other changes are transfers to other balance sheet accounts and minor reclassifications.

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David S. Ingalls
Vice Chairman
Attorney, Cleveland, Ohio

Dudley S. Taft
President

Samuel T. Johnston
Executive Vice President,
West Coast Group

Neil A. Armstrong
Professor,
University of Cincinnati

David S. Ingalls, Jr.
President, The O. E. Company,
a private investment company,
Cleveland, Ohio

Jess S. Morgan
President, Jess S. Morgan
& Company, Inc.
Business and financial advisors in the
entertainment industry,
Los Angeles, California

William S. Rowe
Director and President,
Fifth Third Bancorp and Chairman,
The Fifth Third Bank
Cincinnati, Ohio

Robert Taft, Jr.
Partner,
Taft, Stettinius & Hollister,
Attorneys at law
Cincinnati, Ohio

C. William Verity, Jr.
Chairman of the Board,
Armco Inc.,
Middletown, Ohio

Charles P. Taft
Director Emeritus
Attorney, Former Cincinnati
Mayor and City Councilman

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Finance & Corporate Staff

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Executive Vice President, Television

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Executive Vice President,
West Coast Group

Gary S. Wachs
Executive Vice President,
Amusement Park Group

Carlyle J. Wagner
Executive Vice President, Radio

Nelson Schwab, III
Vice President, Property Development
Division

John D. Chapman
Vice President, Government
Affairs & Marketing

Benjamin Diesbach
Vice President, Planning
and Corporate Development

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Treasurer & Assistant Secretary

Gregory C. Thomas
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S. Donald Urban
Vice President, Human Resources

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Tax Manager

Charles D. Lindberg
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Broadcast Group Officers & Management

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Executive Vice President, Televisio

Carlyle J. Wagner
Executive Vice President, Radio

Donald L. Chapin
Vice President, Sales

Eugene Hill
Vice President, Engineering

Edward O. Kopriver
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Raymond S. Rajewski
Manager, Business Affairs

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Vice President, General Manager
WTAF-TV, Philadelphia, Pennsylv

Earl Beall
Vice President, General Manager
WDAF-TV, Kansas City, Missouri

L. D. Bolton, II
Vice President, General Manager
WBRC-TV, Birmingham, Alabama

Michael A. Fisher
General Manager
WGR-TV, Buffalo, New York

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Vice President, General Manager
WTVN-TV, Columbus, Ohio

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Vice President, General Manager
WKRC-TV, Cincinnati, Ohio

Harold Calvin
General Manager
WKRC-AM, Cincinnati, Ohio

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Pennsylvania

Perry Frey
General Manager
WTVN-AM, WLVQ-FM, Columbus,

Robert Garrett
General Manager
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William W. Irwin
Vice President, General Manager
WGR-AM, WGRQ-FM, Buffalo,
New York

Steve Lapa
General Manager
WYNF-FM, Tampa/St. Petersburg,
Florida

J. David Martin
General Manager
WDAF-AM, Kansas City, Missouri

James Pidcock
General Manager
WDAE-AM Tampa/St. Petersburg, Florida*

John Soller
General Manager
WKRQ-FM, Cincinnati, Ohio

Amusement Park Group Officers & Management

Gary S. Wachs
Executive Vice President, Amusement Park Group

James C. Ashworth
Director of Planning

William H. Bieberbach
Director of Group Operations

F. R. Bush
Director of Finance

Charles R. Flatt
Vice President, Construction & Engineering

Thomas E. Kempton
Director of Marketing

Jack Rouse
Director, Kings Productions
Cincinnati, Ohio

Michael L. Bartlett
Vice President, General Manager
Canada's Wonderland
(under construction)
Toronto, Canada

T. Lewis Hooper
Vice President,
Family Leisure Centers, Inc.
General Manager, Carowinds
Charlotte, North Carolina

Edward J. McHale
Vice President, General Manager
Old Coney, Cincinnati, Ohio

William C. Price
Vice President, General Manager
Kings Island
Cincinnati, Ohio

Richard F. Smith
General Manager
Hanna-Barbera's Marineland
Los Angeles, California

Dennis L. Speigel
Vice President,
Family Leisure Centers, Inc.
General Manager, Kings Dominion
Richmond, Virginia

West Coast Group Officers & Management

Samuel T. Johnston
Executive Vice President, West Coast Group

Melvin Getzler
Vice President, Business Affairs

Martyn S. Weinberg
Vice President, Finance

Hanna-Barbera Productions, Inc.

Joseph R. Barbera
President

William D. Hanna
Senior Vice President

Melvin Getzler
Vice President, General Manager

Jayne Barbera
Vice President

John Michaeli
Vice President

Arthur Scott
Vice President

Ross Sutherland
Vice President

Iwao Takamoto
Vice President

QM Productions*

Allan D. Yasnyi
Chairman, Chief Executive Officer

Merrill H. Karpf
President, Chief Operating Officer

Martin Boorstein
Executive Vice President

Solow Production Company

Herbert F. Solow
President

Hanna-Barbera Enterprises, Inc.

Donald E. Stapleton
Vice President, General Manager

Taft, H-B Program Sales

Michael Gould
Vice President, General Manager

* Acquired after March 31, 1979

Taft, H-B International

Willard Block
Vice President, General Manager

Cinemobile Systems, Inc.

Michael Plotkin
Vice President, General Manager

Cine Guarantors

Patricia Roedig
Vice President, Production and Administration

The Sy Fischer Company, Inc.

Sy Fisher
President

Karl Honeystein
Executive Vice President

Joel Cohen
Vice President

TRANSFER AGENT AND REGISTRAR
The First National Bank of Cincinnati
Cincinnati, Ohio

The Company's common stock is traded on the New York Stock Exchange under the Exchange designation TFB.

The Taft Broadcasting Company Annual Meeting will be held on Tuesday, July 24, 1979 at 11:00 a.m. (EDT) at Kings Island Amusement Center, Kings Mills, Ohio.

TAFT
Broadcasting Company

1906 Highland Avenue Cincinnati, Ohio 45219
After January 1, 1980: 1718 Young Street Cincinnati, Ohio 45210